



Dave Yost • Auditor of State

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2017**

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**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY
JUNE 30, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Greeneview Local School District
Greene County
4 South Charleston Road
Jamestown, Ohio 45335

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Greeneview Local School District, Greene County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Greeneview Local School District, Greene County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

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Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

The discussion and analysis of Greeneview Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

In total, the net position of governmental activities increased \$921,066, which represents an 11 percent increase from 2016 balances and is largely the result of changes in capital assets.

General revenues accounted for \$14,291,478 in revenue or 86 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, interest and contributions accounted for \$2,329,763 or 14 percent of total revenues of \$16,621,241.

Total assets of governmental activities decreased by \$773,119 as cash and cash equivalents decreased by \$2,024,209, receivables increased by \$140,070, and capital assets increased by \$1,120,567.

The School District had \$15,700,175 in expenses; only \$2,329,763 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and entitlements) were \$14,291,478.

The general fund had \$13,986,453 in revenues and \$13,794,038 in expenditures. The general fund's balance increased \$154,806 from 2016.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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 fund is the general fund.

Governmental Funds

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

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2017 compared to 2016:

Table 1
Net Position

| | 2017 | 2016 |
|-----------------------------------------------------------------|--------------|--------------|
| Assets: | | |
| Current and Other Assets | \$16,042,742 | \$17,936,428 |
| Capital Assets | 29,297,188 | 28,176,621 |
| Total Assets | 45,339,930 | 46,113,049 |
| Deferred Outflows of Resources: | | |
| Deferred Charges on Refunding | 87,849 | 97,609 |
| Pension | 3,771,688 | 1,673,868 |
| Total Deferred Outflows of Resources | 3,859,537 | 1,771,477 |
| Liabilities: | | |
| Long-Term Liabilities | 33,159,724 | 29,928,251 |
| Other Liabilities | 1,757,544 | 3,298,337 |
| Total Liabilities | 34,917,268 | 33,226,588 |
| Deferred Inflows of Resources: | | |
| Property Taxes Not Levied to Finance Current Year Operations | 4,874,719 | 5,000,771 |
| Pension | 21,997 | 1,192,750 |
| Total Deferred Inflows of Resources | 4,896,716 | 6,193,521 |
| Net Position: | | |
| Net Investment in Capital Assets | 17,929,262 | 16,257,149 |
| Restricted | 1,747,245 | 2,128,875 |
| Unrestricted | (10,291,024) | (9,921,607) |
| Total Net Position | \$9,385,483 | \$8,464,417 |

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

Total assets of governmental activities decreased by \$773,119, as cash and cash equivalents decreased by \$2,024,209, receivables increased by \$140,070 and capital assets increased by \$1,120,567. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District decreased by \$369,417.

Table 2 shows the changes in net position for fiscal years 2017 and 2016. A comparative analysis of district-wide data is being presented, as follows:

Table 2
Changes in Net Position

| | 2017 | 2016 |
|-----------------------------------------------|-------------|---------------|
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$1,527,863 | \$1,523,079 |
| Operating Grants, Interest and Contributions | 801,900 | 753,893 |
| Total Program Revenues | 2,329,763 | 2,276,972 |
| General Revenues: | | |
| Property Taxes | 5,733,301 | 5,342,500 |
| Income Tax | 1,939,731 | 1,904,248 |
| Grants and Entitlements | 6,321,881 | 6,373,447 |
| Grants from School Facilities Commission | 73,121 | 73,484 |
| Gifts and Donations | 40,200 | 45,243 |
| Investment Earnings | 64,268 | 63,359 |
| Other | 118,976 | 42,974 |
| Total General Revenues | 14,291,478 | 13,845,255 |
| Total Revenues | 16,621,241 | 16,122,227 |
| Program Expenses: | | |
| Instruction | 8,174,600 | 10,707,159 |
| Support Services: | | |
| Pupils and Instructional Staff | 1,363,045 | 1,242,305 |
| Board of Education, Administration and Fiscal | 2,174,454 | 1,877,087 |
| Operation and Maintenance of Plant | 1,441,277 | 1,484,517 |
| Pupil Transportation | 1,084,998 | 1,145,304 |
| Central | 15,513 | 42,275 |
| Operation of Non-Instructional Services | 470,735 | 504,240 |
| Extracurricular Activities | 466,503 | 481,567 |
| Interest and Fiscal Charges | 509,050 | 547,402 |
| Total Expenses | 15,700,175 | 18,031,856 |
| Decrease in Net Position | \$921,066 | (\$1,909,629) |

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

Governmental Activities

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes and income taxes made up 46 percent of revenues for governmental activities for the School District for fiscal year 2017.

Instruction comprises 52 percent of district expenses. Support services expenses make up 39 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. A comparative analysis of district-wide data is being presented, as follows:

Table 3
Cost of Services

| | Total Cost of Services 2017 | Net Cost of Services 2017 | Total Cost of Services 2016 | Net Cost of Services 2016 |
|---------------------------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| Instruction | \$8,174,600 | \$6,551,173 | \$10,707,159 | \$9,136,768 |
| Support Services: | | | | |
| Pupils and Instructional Staff | 1,363,045 | 1,363,045 | 1,242,305 | 1,242,305 |
| Board of Education, Administration, and Fiscal | 2,174,454 | 2,075,462 | 1,877,087 | 1,784,992 |
| Operation and Maintenance of Plant | 1,441,277 | 1,441,277 | 1,484,517 | 1,484,517 |
| Pupil Transportation | 1,084,998 | 1,084,998 | 1,145,304 | 1,145,304 |
| Central | 15,513 | 15,513 | 42,275 | 42,275 |
| Operation of Non-Instructional Services | 470,735 | 48,714 | 504,240 | 65,307 |
| Extracurricular Activities | 466,503 | 281,180 | 481,567 | 306,014 |
| Interest and Fiscal Charges | 509,050 | 509,050 | 547,402 | 547,402 |
| Total Expenses | <u>\$15,700,175</u> | <u>\$13,370,412</u> | <u>\$18,031,856</u> | <u>\$15,754,884</u> |

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business include expenses associated with administrative and financial supervision of the district.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Extracurricular activities includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement. Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Over 80 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is over 85 percent. The community, as a whole, is the primary support for the School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. The general fund had total revenues of \$13,986,453 and total expenditures of \$13,794,038. The net change in the fund balance for the general fund was an increase of \$154,806.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2017, the School District amended its general fund budget several times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue and other financing sources estimate was \$13,794,465. The original budgeted estimate was \$13,794,465.

During fiscal year 2017, the School District budgeted and received \$4,529,000 and \$4,396,042, respectively in property and other taxes while it budgeted and received \$6,247,400 and \$6,239,051, respectively, in intergovernmental revenues.

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

Capital Assets

At the end of the fiscal year 2017, the School District had \$29,297,188 invested in capital assets.

Table 4 shows fiscal year 2017 balances compared to 2016.

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

| | 2017 | 2016 |
|-----------------------------------|--------------|--------------|
| Land | \$544,748 | \$544,748 |
| Construction in Progress | 0 | 3,210,427 |
| Land Improvements | 1,034,085 | 1,137,484 |
| Buildings and Improvements | 26,312,745 | 21,672,392 |
| Furniture, Fixtures and Equipment | 544,208 | 645,404 |
| Vehicles | 695,489 | 746,995 |
| Educational Media | 165,913 | 219,171 |
| Totals | \$29,297,188 | \$28,176,621 |

Overall capital assets increased \$1,120,567 from fiscal year 2016 to fiscal year 2017. This increase is due to the finalization of the construction on the elementary school.

For more information on capital assets, see Note 9 of the Basic Financial Statements.

Debt Administration

Table 5 shows the School District's outstanding debt at the end of fiscal year 2017 as compared to fiscal year 2016.

Outstanding Debt at June 30,

| | 2017 | 2016 |
|--------------------------------------|--------------|--------------|
| Energy Conservation Bonds | \$392,000 | \$429,000 |
| General Obligation Refunding Bonds | 4,155,000 | 4,580,000 |
| Capital Appreciation Refunding Bonds | 250,000 | 250,000 |
| COPS – Capital Lease | 6,195,000 | 6,360,000 |
| Totals | \$10,992,000 | \$11,619,000 |

At June 30, 2017, the School District's overall legal debt limitation was \$11,645,322 and the unvoted debt margin was \$241,674.

For more information on the School District's debt, see Note 14 of the Basic Financial Statements.

Greeneview Local School District
Greene County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(unaudited)

Current Financial Issues and Concerns

The current state of the overall economy is of major concern to the School District. As the economy begins a slow and steady recovery, the School District revenue stream is not keeping up with the increasing expenditures. The School District must search for new funding while at the same time find ways to cut expenses without jeopardizing the overall quality of the education program. Unfunded mandates are an on-going concern to the School District as well as the uncertainties for a state funding model for school districts. Other areas of major concern include the Health Care.

School District personnel continue to make strides in the area of curriculum improvement and remediation. This strategy from the Continuous Improvement Plan is an attempt to increase student performance and enhance curriculum instruction. Both goals will promote student learning.

In conclusion, the Greeneview Local School District has committed itself to financial excellence for many years. Therefore, it will have to address its building and staffing needs to enable it to be viable for years to come. The School District plans to continue its sound fiscal management to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Jacob McGrath, Treasurer at Greeneview Local School District, 4 South Charleston Road, Jamestown, Ohio 45335 or email at Jacob.Mcgrath@greeneview.org.

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF NET POSITION
 JUNE 30, 2017

| | GOVERNMENTAL ACTIVITIES |
|-----------------------------------------|----------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$9,681,157 |
| Inventory of Supplies and Materials | 35 |
| Accrued Interest Receivable | 2,052 |
| Accounts Receivable | 164,159 |
| Intergovernmental Receivable | 49,144 |
| Income Tax Receivable | 755,850 |
| Property Taxes Receivable | 5,390,345 |
| Nondepreciable Capital Assets | 544,748 |
| Depreciable Capital Assets, Net | 28,752,440 |
| Total Assets | 45,339,930 |
| Deferred Outflows of Resources: | |
| Deferred Charges on Refunding | 87,849 |
| Pension | 3,771,688 |
| Total Deferred Outflows of Resources | 3,859,537 |
| Liabilities: | |
| Accounts Payable | 169,962 |
| Accrued Wages and Benefits Payable | 1,142,572 |
| Intergovernmental Payable | 331,403 |
| Accrued Interest Payable | 36,704 |
| Accrued Vacation Leave Payable | 45,370 |
| Matured Compensated Absences Payable | 31,533 |
| Long Term Liabilities: | |
| Due Within One Year | 737,599 |
| Due In More Than One Year: | |
| Net Pension Liability (See Note 11) | 20,794,415 |
| Other Amounts Due in More Than One Year | 11,627,710 |
| Total Liabilities | 34,917,268 |
| Deferred Inflows of Resources: | |
| Property Taxes | 4,874,719 |
| Pension | 21,997 |
| Total Deferred Inflows of Resources | 4,896,716 |
| Net Position: | |
| Net Investment in Capital Assets | 17,929,262 |
| Restricted for: | |
| Debt Service | 339,073 |
| Capital Projects | 887,958 |
| Other Purposes | 520,214 |
| Unrestricted | (10,291,024) |
| Total Net Position | \$9,385,483 |

See Accompanying Notes to the Basic Financial Statements

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|------------------------------------|---------------------|-------------------------|------------------------------------------------------|-------------------------------------|
| | Expenses | Charges for Services | Operating Grants, Interest and Contributions | Total Governmental Activities |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$6,137,000 | \$909,210 | \$75,717 | (\$5,152,073) |
| Special | 2,021,216 | 227,218 | 409,396 | (1,384,602) |
| Vocational | 368 | 0 | 0 | (368) |
| Other | 16,016 | 1,886 | 0 | (14,130) |
| Support Services: | | | | |
| Pupils | 798,011 | 0 | 0 | (798,011) |
| Instructional Staff | 565,034 | 0 | 0 | (565,034) |
| Board of Education | 37,619 | 0 | 0 | (37,619) |
| Administration | 1,664,209 | 0 | 98,992 | (1,565,217) |
| Fiscal | 472,626 | 0 | 0 | (472,626) |
| Operation and Maintenance of Plant | 1,441,277 | 0 | 0 | (1,441,277) |
| Pupil Transportation | 1,084,998 | 0 | 0 | (1,084,998) |
| Central | 15,513 | 0 | 0 | (15,513) |
| Non-Instructional Services | 470,735 | 215,466 | 206,555 | (48,714) |
| Extracurricular Activities | 466,503 | 174,083 | 11,240 | (281,180) |
| Interest and Fiscal Charges | 509,050 | 0 | 0 | (509,050) |
| Total Governmental Activities | <u>\$15,700,175</u> | <u>\$1,527,863</u> | <u>\$801,900</u> | <u>(13,370,412)</u> |

General Revenues:

| | | |
|-----------------------------------------------------|--|--------------------|
| Property Taxes Levied for: | | |
| General Purposes | | 4,507,336 |
| Debt Service | | 587,508 |
| Capital Outlay | | 558,942 |
| Capital Maintenance | | 79,515 |
| Income Taxes Levied for General Purposes | | 1,939,731 |
| Grants and Entitlements not Restricted | | |
| to Specific Programs | | 6,321,881 |
| Grants Restricted to Permanent Improvement Projects | | 73,121 |
| Gifts and Donations | | 40,200 |
| Investment Earnings | | 64,268 |
| Miscellaneous | | 118,976 |
| Total General Revenues | | <u>14,291,478</u> |
| Change in Net Position | | 921,066 |
| Net Position Beginning of Year | | <u>8,464,417</u> |
| Net Position End of Year | | <u>\$9,385,483</u> |

See Accompanying Notes to the Basic Financial Statements

GREENEVUE LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 BALANCE SHEET
 GOVERNMENTAL FUNDS
 JUNE 30, 2017

| | GENERAL | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-----------------------------------------------------------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | |
| Cash and Cash Equivalents | \$7,900,271 | \$1,704,648 | \$9,604,919 |
| Receivables: | | | |
| Property Taxes | 4,299,871 | 1,090,474 | 5,390,345 |
| Income Taxes | 755,850 | 0 | 755,850 |
| Accrued Interest | 2,052 | 0 | 2,052 |
| Accounts | 164,159 | 0 | 164,159 |
| Intergovernmental | 0 | 49,144 | 49,144 |
| Inventory of Supplies and Materials | 0 | 35 | 35 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 76,238 | 0 | 76,238 |
| Total Assets | <u>\$13,198,441</u> | <u>\$2,844,301</u> | <u>\$16,042,742</u> |
| | | | |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | \$154,264 | \$15,698 | \$169,962 |
| Accrued Wages and Benefits Payable | 1,054,212 | 88,360 | 1,142,572 |
| Intergovernmental Payable | 318,807 | 12,596 | 331,403 |
| Compensated Absences Payable | 31,533 | 0 | 31,533 |
| Total Liabilities | <u>1,558,816</u> | <u>116,654</u> | <u>1,675,470</u> |
| | | | |
| Deferred Inflows of Resources: | | | |
| Property Taxes | 3,890,209 | 984,510 | 4,874,719 |
| Unavailable Revenue | 226,377 | 19,629 | 246,006 |
| Total Deferred Inflows of Resources | <u>4,116,586</u> | <u>1,004,139</u> | <u>5,120,725</u> |
| | | | |
| Fund Balances: | | | |
| Nonspendable | 0 | 35 | 35 |
| Restricted | 0 | 1,743,534 | 1,743,534 |
| Assigned | 1,199,303 | 0 | 1,199,303 |
| Unassigned (Deficit) | 6,323,736 | (20,061) | 6,303,675 |
| Total Fund Balances | <u>7,523,039</u> | <u>1,723,508</u> | <u>9,246,547</u> |
| | | | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$13,198,441</u> | <u>\$2,844,301</u> | <u>\$16,042,742</u> |

See Accompanying Notes to the Basic Financial Statements

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
 NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2017

Total Governmental Fund Balances \$9,246,547

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

| | | |
|-----------------------------------|---------------------|------------|
| Land | 544,748 | |
| Land Improvements | 2,336,575 | |
| Building and Improvements | 36,103,563 | |
| Furniture, Fixtures and Equipment | 2,829,337 | |
| Vehicles | 1,785,832 | |
| Educational Media | 860,264 | |
| Accumulated Depreciation | <u>(15,163,131)</u> | |
| Total Capital Assets | | 29,297,188 |

Other long-term assets are not available to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

| | | |
|---------------------------|----------------|---------|
| Property Taxes Receivable | 96,475 | |
| Accounts Receivable | 29,229 | |
| Income Taxes Receivable | <u>120,302</u> | |
| Total Long-Term Assets | | 246,006 |

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

| | | |
|----------------------------------------|---------------------|---------------------|
| Accrued Interest Payable | (36,704) | |
| Accrued Vacation Leave Payable | (45,370) | |
| Compensated Absences | (741,257) | |
| Unamortized Premium on Bonds | (130,010) | |
| Unamortized Deferred Loss on Refunding | 87,849 | |
| Capital Leases and Bonds Payable | <u>(11,494,042)</u> | |
| Total Liabilities | | <u>(12,359,534)</u> |

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

| | | |
|-----------------------------|---------------------|---------------------|
| Deferred Outflows - Pension | 3,771,688 | |
| Deferred Inflows - Pension | (21,997) | |
| Net Pension Liability | <u>(20,794,415)</u> | |
| | | <u>(17,044,724)</u> |

Net Position of Governmental Activities \$9,385,483

See Accompanying Notes to the Basic Financial Statements

GREENEVUE LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | GENERAL | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|-----------------------------------------------------|--------------------|--------------------------------|--------------------------------|
| Revenues: | | | |
| Property and Other Taxes | \$4,498,965 | \$1,223,376 | \$5,722,341 |
| Income Tax | 1,934,767 | 0 | 1,934,767 |
| Tuition and Fees | 1,141,449 | 0 | 1,141,449 |
| Interest | 59,175 | 5,093 | 64,268 |
| Intergovernmental | 6,245,847 | 947,743 | 7,193,590 |
| Extracurricular Activities | 45,382 | 128,701 | 174,083 |
| Charges for Services | 0 | 215,466 | 215,466 |
| Gifts and Donations | 32,272 | 11,240 | 43,512 |
| Rent | 8,759 | 0 | 8,759 |
| Miscellaneous | 19,837 | 75,000 | 94,837 |
| Total Revenues | 13,986,453 | 2,606,619 | 16,593,072 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 6,378,200 | 81,257 | 6,459,457 |
| Special | 1,529,098 | 409,631 | 1,938,729 |
| Other | 16,016 | 0 | 16,016 |
| Support Services: | | | |
| Pupils | 814,262 | 0 | 814,262 |
| Instructional Staff | 449,343 | 0 | 449,343 |
| Board of Education | 37,619 | 0 | 37,619 |
| Administration | 1,550,869 | 100,592 | 1,651,461 |
| Fiscal | 379,039 | 8,349 | 387,388 |
| Operation and Maintenance of Plant | 1,269,911 | 91,741 | 1,361,652 |
| Pupil Transportation | 983,439 | 0 | 983,439 |
| Central | 15,513 | 0 | 15,513 |
| Non-Instructional Services | 4,688 | 456,452 | 461,140 |
| Extracurricular Activities | 312,563 | 135,585 | 448,148 |
| Capital Outlay | 2,750 | 754,376 | 757,126 |
| Debt Service: | | | |
| Principal Retirement | 37,000 | 590,000 | 627,000 |
| Interest and Fiscal Charges | 13,728 | 407,394 | 421,122 |
| Total Expenditures | 13,794,038 | 3,035,377 | 16,829,415 |
| Excess of Revenues Over (Under) Expenditures | 192,415 | (428,758) | (236,343) |
| Other Financing Sources (Uses): | | | |
| Proceeds from Sale of Capital Assets | 0 | 934 | 934 |
| Transfers - In | 0 | 37,609 | 37,609 |
| Transfers - Out | (37,609) | 0 | (37,609) |
| Total Other Financing Sources (Uses) | (37,609) | 38,543 | 934 |
| Net Change in Fund Balances | 154,806 | (390,215) | (235,409) |
| Fund Balances at Beginning of Year | 7,368,233 | 2,113,723 | 9,481,956 |
| Fund Balances at End of Year | \$7,523,039 | \$1,723,508 | \$9,246,547 |

See Accompanying Notes to the Basic Financial Statements

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net Change in Fund Balances - Total Governmental Funds (\$235,409)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|---------------------------|--------------------|-----------|
| Capital Outlay | 2,372,383 | |
| Current Year Depreciation | <u>(1,227,254)</u> | |
| | | 1,145,129 |

The net effect of miscellaneous transactions involving capital assets (i.e., sales, disposal, trade-ins, and donations) is to decrease net position. (24,562)

Some revenues that will not be collected for several months after the School District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Unavailable revenues changed by this amount this year.

| | | |
|----------------|----------------|--------|
| Property Taxes | 10,960 | |
| Income Taxes | 4,964 | |
| Accounts | <u>(3,135)</u> | |
| | | 12,789 |

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of principal payments. 627,000

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. 1,972

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,002,442

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,465,685)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|-------------------------------------------------|----------|------------------|
| Accrued Vacation Leave Payable | (6,193) | |
| Compensated Absences Payable | (60,963) | |
| Amortization of Bond Premium | 14,446 | |
| Amortization of Deferred Charge on Refunding | (9,760) | |
| Interest Accreted on Capital Appreciation Bonds | (80,140) | |
| | | <u>(142,610)</u> |

Change in Net Position of Governmental Activities \$921,066
 See Accompanying Notes to the Basic Financial Statements

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | BUDGETED AMOUNTS | | | VARIANCE WITH FINAL BUDGET |
|---------------------------------------|--------------------|--------------------|--------------------|-------------------------------|
| | ORIGINAL | FINAL | ACTUAL | POSITIVE (NEGATIVE) |
| Revenues: | | | | |
| Property and Other Taxes | \$4,542,000 | \$4,529,000 | \$4,396,042 | (\$132,958) |
| Income Tax | 1,940,565 | 1,940,565 | 1,952,634 | 12,069 |
| Tuition and Fees | 994,000 | 994,000 | 1,082,917 | 88,917 |
| Interest | 25,000 | 25,000 | 69,217 | 44,217 |
| Intergovernmental | 6,186,400 | 6,247,400 | 6,239,051 | (8,349) |
| Gifts and Donations | 0 | 0 | 21,000 | 21,000 |
| Rent | 6,500 | 6,500 | 8,759 | 2,259 |
| Miscellaneous | 20,000 | 20,000 | 18,156 | (1,844) |
| Total Revenues | <u>13,714,465</u> | <u>13,762,465</u> | <u>13,787,776</u> | <u>25,311</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 6,281,927 | 6,416,429 | 6,306,707 | 109,722 |
| Special | 1,691,674 | 1,691,674 | 1,527,735 | 163,939 |
| Other | 14,350 | 19,350 | 16,397 | 2,953 |
| Support Services: | | | | |
| Pupils | 739,070 | 843,070 | 821,468 | 21,602 |
| Instructional Staff | 397,846 | 424,896 | 442,262 | (17,366) |
| Board of Education | 61,298 | 61,298 | 51,224 | 10,074 |
| Administration | 1,437,746 | 1,451,821 | 1,433,863 | 17,958 |
| Fiscal | 404,829 | 404,829 | 383,500 | 21,329 |
| Operation and Maintenance of Plant | 1,594,714 | 1,614,714 | 1,395,545 | 219,169 |
| Pupil Transportation | 1,141,804 | 1,141,804 | 1,096,670 | 45,134 |
| Central | 86,000 | 86,000 | 15,557 | 70,443 |
| Non-Instructional Services | 8,000 | 8,000 | 5,938 | 2,062 |
| Extracurricular Activities | 311,525 | 312,525 | 312,778 | (253) |
| Capital Outlay | 0 | 275,000 | 275,000 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 37,000 | 37,000 | 37,000 | 0 |
| Interest and Fiscal Charges | 13,728 | 13,728 | 13,728 | 0 |
| Total Expenditures | <u>14,221,511</u> | <u>14,802,138</u> | <u>14,135,372</u> | <u>666,766</u> |
| Excess of Revenues Under Expenditures | (507,046) | (1,039,673) | (347,596) | 692,077 |
| Other Financing Sources (Uses): | | | | |
| Advances - In | 50,000 | 2,000 | 1,500 | (500) |
| Refund of Prior Year Expenditures | 30,000 | 30,000 | 38,741 | 8,741 |
| Advances - Out | (50,000) | (12,000) | 0 | 12,000 |
| Transfers - Out | (79,515) | (117,515) | (117,124) | 391 |
| Total Other Financing Sources (Uses) | <u>(49,515)</u> | <u>(97,515)</u> | <u>(76,883)</u> | <u>20,632</u> |
| Net Decrease in Fund Balances | (556,561) | (1,137,188) | (424,479) | 712,709 |
| Fund Balances at Beginning of Year | 7,287,111 | 7,287,111 | 7,287,111 | 0 |
| Prior Year Encumbrances Appropriated | 346,953 | 346,953 | 346,953 | 0 |
| Fund Balances at End of Year | <u>\$7,077,503</u> | <u>\$6,496,876</u> | <u>\$7,209,585</u> | <u>\$712,709</u> |

See Accompanying Notes to the Basic Financial Statements

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

| | PRIVATE PURPOSE TRUST | |
|-----------------------------------|--------------------------|----------|
| | SCHOLARSHIP | AGENCY |
| Assets: | | |
| Cash and Cash Equivalents | \$566,677 | \$67,647 |
| | \$566,677 | \$67,647 |
| Liabilities: | | |
| Deposits Held and Due to Students | 0 | 67,647 |
| Total Liabilities | 0 | \$67,647 |
| Net Position: | | |
| Held in Trust for Scholarships | \$566,677 | |

See Accompanying Notes to the Basic Financial Statements

GREENEVIEW LOCAL SCHOOL DISTRICT
 GREENE COUNTY
 STATEMENT OF CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| | PRIVATE PURPOSE TRUST |
|--------------------------------|--------------------------|
| | SCHOLARSHIP |
| Additions: | |
| Interest | \$3,308 |
| Gifts and Donations | 25,760 |
| Total Additions | 29,068 |
| Deletions: | |
| Scholarships Awarded | 26,600 |
| Change in Net Position | 2,468 |
| Net Position Beginning of Year | 564,209 |
| Net Position End of Year | \$566,677 |

See Accompanying Notes to the Basic Financial Statements

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Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Greeneview Local School District (the "School District") is a body politic and corporate for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. It is staffed by 74 non-certified employees, 86 certified full time teaching personnel, including nine administrators, who provide services to 1,379 students and other community members. The School District currently operates five instructional/support facilities.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Greeneview Local 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. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes and there is the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District is associated with four jointly governed organizations, one insurance purchasing pool and one public entity shared risk pool. These organizations are discussed in Notes 16 and 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Council (SWEPC)
- Southwestern Ohio Instructional Technology Association (SOITA)
- Greene County Career Center

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program

Public Entity Shared Risk Pool:

- Southwestern Ohio Educational Purchasing Council's Benefit Plan Trust

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type. The government-wide statements also exclude fiduciary funds.

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

Fund Financial Statements:

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

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

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

Governmental Funds:

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

General Fund - The general fund is the operating fund of the School District and 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.

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

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's only trust fund is a private purpose trust which accounts for various college scholarship programs for students. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer and faculty advisor. The tournament agency fund accounts for proceeds and expenditures for OHSAA sponsored tournaments.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements

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

The private purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: income tax, tuition, student fees, interest, grants, charges for services, gifts and donations and rent.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, income taxes, and fees. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported in the government-wide statement of net position (See Note 11).

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expenses/Expenditures:

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

E. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2017.

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

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents." During fiscal year 2017, the School District's investments included money market funds, Federal Farm Credit Bank Discount Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Commercial Paper and Negotiable Certificates of Deposit.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$59,175, which includes \$12,663 assigned from other funds. Interest revenue was posted to the permanent improvement fund, the food service fund, the classroom facilities project maintenance fund and to the private purpose trust fund in the amounts of \$2,527, \$173, \$2,393, and \$3,308, respectively.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

H. 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, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside for budget stabilization.

I. Capital Assets and Depreciation

The School District's only capital assets are general capital assets. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Greeneview Local School District
 Greene County
 Notes to the Basic Financial Statements
 For the Fiscal Year Ended June 30, 2017
 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

| Description | Estimated Lives |
|------------------------------------|-----------------|
| Land Improvements | 20 years |
| Buildings and Improvements | 20-50 years |
| Furniture, Fixtures, and Equipment | 5-20 years |
| Vehicles | 8 years |
| Educational Media | 6-15 years |

J. Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. The capital lease and the general obligation bond that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

K. Pensions

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

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after five years of current service with the School District.

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees will be paid.

M. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

N. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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 or enabling legislation.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enabling legislation authorizes the School District to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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 the School District Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund 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 can be used.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Net Position

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the restricted net position, none has resulted from enabling legislation.

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

P. Estimates

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

NOTE 3 - FUND DEFICITS

At June 30, 2017, the lunchroom, IDEA, Part B, Title I and Title IIA nonmajor special revenue funds had deficit fund balances of \$11,254, \$2,728, \$410, and \$5,634, respectively. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a restricted, committed or assigned fund balance for that portion of outstanding encumbrances not already recognized as an accounts payable (GAAP basis).
4. Advances - in and advances - out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statements.
6. One fund is included in the general fund (GAAP basis), but has a separate, legally adopted budget (budget basis).
7. The transfers are operating transactions (budget basis) that are reclassified to other expenses on the operating statement (GAAP basis).

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

| <u>Net Change in Fund Balance</u> | |
|-----------------------------------------|---------------------------|
| GAAP Basis | \$154,806 |
| Net Adjustment for Revenue Accruals | (101,712) |
| Net Adjustment for Expenditure Accruals | 264,908 |
| Advances | 1,500 |
| Transfers | (79,515) |
| Adjustment for Encumbrances | (658,976) |
| Funds Budgeted Elsewhere | <u>(5,490)</u> |
| Budget Basis | <u><u>(\$424,479)</u></u> |

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 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 five years 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;
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;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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. Investments may only be made through specified dealers and institutions.

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

A. Deposits

Custodial credit risk for deposits 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 fiscal year-end, \$2,763,113 of the School District’s bank balance of \$3,013,113 was exposed to custodial credit. All statutory requirements for the deposit of money had been followed.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. 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 also had \$5,000,000 in non-negotiable certificates of deposit outstanding at June 30, 2017. These certificates of deposit are a part of cash and cash equivalents on the basic financial statements. These certificates of deposit were fully insured by the FDIC.

B. Investments

At June 30, 2017, the School District had the following investments. All investments are in an internal investment pool.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

| Investment Type (Cost) | Investment Maturities (in years) | | | | Percent of Total Investments |
|----------------------------------------------|----------------------------------|-----------------------|--------------------|------------------|------------------------------------|
| | Fair Value | Less Than One Year | 1-2 | 3 or more | |
| Money Market Funds | \$11,325 | \$11,325 | \$0 | \$0 | 0.45% |
| Federal Farm Credit Bank Discount Notes | 272,605 | 272,605 | | | 10.75% |
| Federal Home Loan Mortgage Corporation Notes | 533,322 | 199,745 | 333,577 | | 21.03% |
| Federal National Mortgage Association Notes | 415,665 | 214,265 | | 201,400 | 16.39% |
| Negotiable Certificates of Deposit | 807,375 | | 676,713 | 130,662 | 31.84% |
| Commercial Paper | 495,130 | 495,130 | | | 19.53% |
| Total Investments | \$2,535,422 | \$1,193,070 | \$1,010,290 | \$332,062 | 100.00% |

The School District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in federal agency securities (FFCB, FHLMC, FNMA), commercial paper and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The School District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. U.S. government money market mutual funds were rated AAAM by Standard & Poor's. The negotiable CD's were not rated but are fully insured by the FDIC. The Federal Farm Credit Notes and commercial papers were rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The School District's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy does not address investment custodial risk beyond the requirement the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Greene, Fayette, and Clinton Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 6 - PROPERTY TAXES (continued)

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

| | 2016 Second- Half Collections | | 2017 First- Half Collections | |
|------------------------------------------------|----------------------------------|-------------|---------------------------------|-------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$227,441,130 | 94% | \$227,899,000 | 94% |
| Tangible Public Utility Property | 13,312,170 | 6% | 13,774,650 | 6% |
| Total Assessed Value | <u>\$240,753,300</u> | <u>100%</u> | <u>\$241,673,650</u> | <u>100%</u> |
| Tax rate per \$1,000 of assessed valuation | \$32.75 | | \$32.95 | |

NOTE 7 - INCOME TAX

The School District levies a voted tax of one-half of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Effective January 1, 2002, the residents voted an additional one-half of one percent income tax for a five-year period. In November, 2015, voters approved the renewal of this additional .5% income tax. This was effective January, 2017 and will be in effect through December, 2021. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund. Income tax revenue credited to the general fund for fiscal year 2017 was \$1,934,767.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017, consisted of property and income taxes, accrued interest, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants.

A summary of the principal items of intergovernmental receivables follows:

| <u>Governmental Activities</u> | <u>Amounts</u> |
|-------------------------------------|------------------------|
| IDEA, Part B | \$27,459 |
| Title I | 21,230 |
| Title II A | <u>455</u> |
| Total Intergovernmental Receivables | <u><u>\$49,144</u></u> |

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 9 - CAPITAL ASSETS

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

| | <u>Assets</u> <u>6/30/2016</u> | <u>Additions</u> | <u>Deletions</u> | <u>Assets</u> <u>6/30/2017</u> |
|---------------------------------------------|-----------------------------------|--------------------|--------------------|-----------------------------------|
| Capital Assets, not Being Depreciated | | | | |
| Construction in Progress | \$3,210,427 | \$0 | (\$3,210,427) | \$0 |
| Land | 544,748 | 0 | 0 | 544,748 |
| Total Capital Assets, not Being Depreciated | <u>3,755,175</u> | <u>0</u> | <u>(3,210,427)</u> | <u>544,748</u> |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 2,336,575 | 0 | 0 | 2,336,575 |
| Buildings and Improvements | 30,622,123 | 5,481,440 | 0 | 36,103,563 |
| Furniture, Fixtures and Equipment | 2,804,867 | 24,470 | 0 | 2,829,337 |
| Vehicles | 1,954,540 | 76,900 | (245,608) | 1,785,832 |
| Educational Media | 860,264 | 0 | 0 | 860,264 |
| Total Capital Assets, Being Depreciated | <u>38,578,369</u> | <u>5,582,810</u> | <u>(245,608)</u> | <u>43,915,571</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (1,199,091) | (103,399) | 0 | (1,302,490) |
| Buildings and Improvements | (8,949,731) | (841,087) | 0 | (9,790,818) |
| Furniture, Fixtures and Equipment | (2,159,463) | (125,666) | 0 | (2,285,129) |
| Vehicles | (1,207,545) | (103,844) | 221,046 | (1,090,343) |
| Educational Media | (641,093) | (53,258) | 0 | (694,351) |
| Total Accumulated Depreciation | <u>(14,156,923)</u> | <u>(1,227,254)</u> | <u>221,046</u> | <u>(15,163,131)</u> |
| Capital Assets, Being Depreciated, Net | <u>24,421,446</u> | <u>4,355,556</u> | <u>(24,562)</u> | <u>28,752,440</u> |
| Governmental Activities Capital Assets, Net | <u>\$28,176,621</u> | <u>\$4,355,556</u> | <u>\$3,234,989</u> | <u>\$29,297,188</u> |

* Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|--------------------|
| Instruction: | |
| Regular | \$981,919 |
| Vocational | 368 |
| Support Services: | |
| Instructional Staff | 79,083 |
| Administration | 338 |
| Operation and Maintenance of Plant | 47,660 |
| Pupil Transportation | 101,326 |
| Non-Instructional Services | 8,802 |
| Extracurricular Activities | 7,758 |
| Total Depreciation Expense | <u>\$1,227,254</u> |

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with Great American Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate. Property is also protected by the Selective Insurance Company and holds a \$5,000 deductible.

The School District's vehicles are covered under a business policy with Great American Insurance Company which carries a \$1,000,000 limit on any accident.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from prior years.

For fiscal year 2017, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings 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 ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT 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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

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, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$267,849 for fiscal year 2017. Of this amount \$158,376 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT 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 years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

Greeneview Local School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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 to 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. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$734,593 for fiscal year 2017. Of this amount \$125,116 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|-----------------------------------------|--------------|--------------|--------------|
| Proportion of the Net Pension Liability | | | |
| Prior Measurement Date | 0.06459870% | 0.48400690% | |
| Proportion of the Net Pension Liability | | | |
| Current Measurement Date | 0.06407150% | 0.04811330% | |
| Change in Proportionate Share | -0.00052720% | -0.43589360% | |
| Proportionate Share of the Net | | | |
| Pension Liability | \$4,689,443 | \$16,104,972 | \$20,794,415 |
| Pension Expense | \$523,613 | \$ 942,072 | \$1,465,685 |

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

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$23,568 | \$650,718 | \$674,286 |
| Changes of assumptions | 313,046 | | 313,046 |
| Net difference between projected and actual earnings on pension plan investments | 444,769 | 1,337,145 | 1,781,914 |
| School District contributions subsequent to the measurement date | <u>267,849</u> | <u>734,593</u> | <u>1,002,442</u> |
| Total Deferred Outflows of Resources | <u>\$1,049,232</u> | <u>\$2,722,456</u> | <u>\$3,771,688</u> |
| Deferred Inflows of Resources | | | |
| Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions | <u>\$21,997</u> | <u>\$0</u> | <u>\$21,997</u> |

\$1,002,442 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|------------------|--------------------|--------------------|
| Fiscal Year Ending June 30: | | | |
| 2018 | \$227,618 | \$314,739 | \$542,357 |
| 2019 | 227,618 | 314,739 | 542,357 |
| 2020 | 192,958 | 827,839 | 1,020,797 |
| 2021 | <u>111,192</u> | <u>530,546</u> | <u>641,738</u> |
| Total | <u>\$759,386</u> | <u>\$1,987,863</u> | <u>\$2,747,249</u> |

Actuarial Assumptions - SERS

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

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented below:

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|----------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Wage Inflation | 3.00 percent | 3.25 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent | 4.00 percent to 22.00 percent |
| COLA or Ad Hoc COLA | 3 percent | 3 percent |
| Investment Rate of Return | 7.50 percent net of investments expense, including inflation | 7.75 percent net of investments expense, including inflation |
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal |

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was 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 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

| | <u>1% Decrease (6.50%)</u> | <u>Current Discount Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|--------------------------------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------|
| School District's proportionate share of the net pension liability | \$6,208,530 | \$4,689,443 | \$3,417,903 |

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - STRS

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

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation | 2.75 percent |
| Salary increases | 12.25 percent at age 20 to 2.75 percent at age 70 |
| Investment Rate of Return | 7.75 percent, net of investment expenses, including inflation |
| Cost-of-Living Adjustments (COLA) | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences 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 no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return *</u> |
|----------------------|--------------------------|--------------------------------------------|
| Domestic Equity | 31.00 % | 8.00 % |
| International Equity | 26.00 | 7.85 |
| Alternatives | 14.00 | 8.00 |
| Fixed Income | 18.00 | 3.75 |
| Real Estate | 10.00 | 6.75 |
| Liquidity Reserves | 1.00 | 3.00 |
| Total | <u>100.00 %</u> | <u>7.61 %</u> |

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are excluded. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the 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 | \$21,402,199 | \$16,104,972 | \$11,636,449 |

Changes between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District’s NPL is expected to be significant.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 12 - 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 under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. 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. For fiscal year 2017, the School District's surcharge obligation was \$33,463.

The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$33,463, \$30,505, and \$47,115, respectively. For fiscal year 2017, 44.25 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is not paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 263 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 65.75 days.

B. Health Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the ReliaStar Life Insurance Company. The School District has elected to provide employee medical/surgical benefits through United Health Care of Ohio. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental insurance is provided by the School District to most employees through the Southwestern Ohio Educational Purchasing Council's Benefit Plan Trust. See Note 17.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 14 - LONG-TERM OBLIGATIONS

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

| | Balance | | | Balance | Due within |
|-----------------------------------------|---------------------|--------------------|--------------------|---------------------|------------------|
| | 6/30/2016 | Increases | Decreases | 6/30/2017 | One Year |
| Governmental Activities | | | | | |
| General Obligation Bonds: | | | | | |
| 2014 Energy Conservation Bonds 3.2% | \$429,000 | \$0 | (\$37,000) | \$392,000 | \$37,000 |
| 2007 Refunding Bonds: | | | | | |
| Serial Bonds 3.7-4.25% | 4,580,000 | 0 | (425,000) | 4,155,000 | 450,000 |
| Capital Appreciation 4.35-4.38% | 250,000 | 0 | 0 | 250,000 | 0 |
| | 5,259,000 | 0 | (462,000) | 4,797,000 | 487,000 |
| Accretion on Capital Appreciation Bonds | 421,902 | 80,140 | 0 | 502,042 | 0 |
| Deferred Amounts: | | | | | |
| Add: Bond Premium | 144,456 | 0 | (14,446) | 130,010 | 0 |
| Total General Obligation Bonds | 5,825,358 | 80,140 | (476,446) | 5,429,052 | 487,000 |
| Net Pension Liability: | | | | | |
| STRS | 13,376,535 | 2,728,437 | 0 | 16,104,972 | 0 |
| SERS | 3,686,064 | 1,003,379 | 0 | 4,689,443 | 0 |
| Total Net Pension Liability | 17,062,599 | 3,731,816 | 0 | 20,794,415 | 0 |
| Capital Leases: | | | | | |
| COPS Capital Lease | 6,360,000 | 0 | (165,000) | 6,195,000 | 165,000 |
| Compensated Absences | 680,294 | 60,963 | 0 | 741,257 | 85,599 |
| Total Long-Term Obligations | <u>\$29,928,251</u> | <u>\$3,872,919</u> | <u>(\$641,446)</u> | <u>\$33,159,724</u> | <u>\$737,599</u> |

2007 Refunding General Obligation Bonds and Capital Appreciation Bonds

On August 22, 2007, the School District issued \$5,295,000 in school improvement refunding general obligation bonds and capital appreciation bonds, with semi-annual payments due on June 1 and December 1 of each year, and interest payable that began December 1, 2007. The \$5,045,000 in serial term bonds will mature on December 1, 2026. The capital appreciation bonds were issued at \$250,000 and have maturities of \$470,000 on December 1, 2018 and \$470,000 on December 1, 2019. For fiscal year 2017, the capital appreciation bonds were accreted \$80,140.

2014 House Bill 264 General Obligation Bonds

On June 30, 2014, the School District issued \$495,180 in energy conservation general obligation bonds with semi-annual payments dues on February 1 and August 1 of each year with payments beginning on February 1, 2015. The bonds will mature on February 1, 2029.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2017, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|--------------------|--------------------|--------------------|
| 2018 | \$487,000 | \$266,888 | \$753,888 |
| 2019 | 167,000 | 239,834 | 406,834 |
| 2020 | 157,000 | 191,247 | 348,247 |
| 2021 | 502,000 | 155,045 | 657,045 |
| 2022 | 519,000 | 134,267 | 653,267 |
| 2023-2027 | 2,905,000 | 326,602 | 3,231,602 |
| 2028-2029 | 60,000 | 2,880 | 62,880 |
| Total | <u>\$4,797,000</u> | <u>\$1,316,763</u> | <u>\$6,113,763</u> |

All general obligation debt is supported by the full faith and credit of the School District. The Refunding Bonds will be paid from the bond retirement fund. Energy conservation bonds are paid out of the general fund. Compensated absences will be paid from the fund from which the employees' salaries are paid.

At June 30, 2017, the School District's overall legal debt limitation was \$11,645,322 and the unvoted debt margin was \$241,674.

NOTE 15 – LEASES

Capital Leases

In fiscal year 2015, the School District issued \$6,630,000 in Certificates of Participation (COPS). The COPS were issued to finance construction and improvements at the high school building and elementary building, including equipment, furnishings, landscaping and improving the sites and acquiring land and interests necessary. The COPS have a maturity date of December 1, 2041. These are paid from the permanent improvement fund.

The School District leases buildings under a noncancelable lease. The School District made \$390,250 in principal and interest payments on the lease during the 2017 fiscal year. Future lease payments are as follows:

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 15 – LEASES (continued)

| Fiscal Year Ending June 30, | Total |
|---------------------------------------------|--------------------|
| 2018 | \$388,187 |
| 2019 | 390,250 |
| 2020 | 391,800 |
| 2021 | 388,300 |
| 2022 | 389,525 |
| 2023-2027 | 1,941,750 |
| 2028-2032 | 1,935,600 |
| 2033-2037 | 1,925,400 |
| 2038-2042 | 1,919,400 |
| Total | 9,670,212 |
| Less: Amount Representing Interest | (3,475,212) |
| Present Value of Net Minimum Lease Payments | <u>\$6,195,000</u> |

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association (MVECA) - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$93,511 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SWEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SWEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SWEPC is held in trust for the member districts. Any district withdrawing from the SWEPC shall forfeit its claim to any and all SWEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SWEPC are made from the general fund. During fiscal year 2017, the School District paid \$2,020,619 (which includes insurance premiums) to SWEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Dr., Suite 208, Vandalia, OH 45377.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Southwestern Ohio Instructional Technology Association – The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member’s schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2017, the School District paid \$450 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Gary Greenberg, who serves as Executive Director, at 1205 East Fifth Street, Dayton, Ohio 45402.

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts’ elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. The School District did not pay anything to the Greene County Career Center during the 2017 fiscal year.

NOTE 17 - INSURANCE PURCHASING POOL/PUBLIC ENTITY SHARED RISK POOL

A. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers’ Compensation Group Rating Program - The School District participates in the Southwestern Ohio Educational Purchasing Council’s Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP’s business and affairs are conducted by an 11 member Board of directors. The Executive Director of the GRP, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 17 - INSURANCE PURCHASING POOL/PUBLIC ENTITY SHARED RISK POOL
(continued)

B. Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Council's Benefit Plan Trust – The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 18 – FUND BALANCE

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

| | <u>General</u> | <u>Other Governmental Funds</u> | <u>Total Governmental</u> |
|------------------------------------|--------------------|-----------------------------------------|-------------------------------|
| Nonspendable for: | | | |
| Inventory | \$0 | \$35 | \$35 |
| Restricted for: | | | |
| Debt Retirement | | 494,693 | 494,693 |
| Permanent Improvements | | 877,243 | 877,243 |
| Building Projects | | 1,278 | 1,278 |
| Ohio School Facilities Maintenance | | 338,693 | 338,693 |
| Extracurricular Activities | | 31,627 | 31,627 |
| Total Restricted | | <u>1,743,534</u> | <u>1,743,534</u> |
| Assigned for: | | | |
| Public School Support | 111,249 | | 111,249 |
| Educational Activities | 572,451 | | 572,451 |
| Subsequent Year Appropriations | 515,603 | | 515,603 |
| Total Assigned | <u>1,199,303</u> | | <u>1,199,303</u> |
| Unassigned | <u>6,323,736</u> | <u>(20,061)</u> | <u>6,303,675</u> |
| Total Fund Balance | <u>\$7,523,039</u> | <u>\$1,723,508</u> | <u>\$9,246,547</u> |

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 19 - SET-ASIDE CALCULATIONS

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

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

| | Capital Improvements |
|-------------------------------------------------------------|-------------------------|
| Set-Aside Balance as of June 30, 2016 | \$0 |
| Current Year Set-Aside Requirement | 233,987 |
| Carryover from Prior Year | |
| Qualifying Disbursements | (432,992) |
| Current Year Offsets | (536,197) |
| Set-Aside Balance as of June 30, 2017 | (\$735,202) |
| Set-Aside Balance Carried Forward to Future Fiscal Years | \$0 |

The School District had qualifying disbursements during the fiscal year that reduced the capital acquisitions amounts below zero. For the capital improvements reserve, qualifying expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

NOTE 20 - INTERFUND ASSETS/LIABILITIES, TRANSFERS

| | Transfers In | Transfers Out |
|-----------------|-----------------|------------------|
| Major Fund: | | |
| General Fund | \$0 | \$37,609 |
| Nonmajor Fund: | | |
| Food Service | 37,609 | |
| Total All Funds | \$37,609 | \$37,609 |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year, 2017, the School District has implemented GASB Statement No. 77, “*Tax Abatement Disclosures*,” GASB Statement No. 78, “*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*,” GASB Statement No. 80, “*Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*,” and GASB Statement No. 82, “*Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73*.”

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government’s tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the School District.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the School District.

Greeneview Local School District
Greene County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017
(continued)

NOTE 22 – CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2017, if applicable, cannot be determined at this time.

B. Foundation Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. The 2017 FTE adjustment resulted in the District receiving an additional \$19,004 during fiscal year 2018.

NOTE 23 – SUBSEQUENT EVENTS

On September 14, 2017, the School District did a current refunding of the 2007 refunded serial bonds. The savings realized from this refunding was \$413,272.90. This refunding will be reflected in the financial statements for the fiscal year ended June 30, 2018.

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

| | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.0640715% | 0.0645987% | 0.064380% | 0.064380% |
| School District's Proportionate Share of the Net Pension Liability | \$4,689,443 | \$3,686,064 | \$3,258,235 | \$3,828,472 |
| School District's Covered-Employee Payroll | \$1,888,593 | \$1,781,563 | \$1,668,838 | \$1,681,770 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 248.30% | 206.90% | 195.24% | 227.65% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 62.98% | 69.16% | 71.70% | 65.52% |

(1) Information prior to 2013 is not available.

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

| | 2016 | 2015 | 2014 | 2013 |
|-----------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| School District's Proportion of the Net Pension Liability | 0.04811330% | 0.48400690% | 0.04890630% | 0.04890630% |
| School District's Proportionate Share of the Net Pension Liability | \$16,104,972 | \$13,376,535 | \$11,895,705 | \$14,170,086 |
| School District's Covered-Employee Payroll | \$5,223,419 | \$5,243,786 | \$4,969,077 | \$4,974,477 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll | 308.32% | 255.09% | 239.39% | 284.86% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 66.80% | 72.10% | 74.70% | 69.30% |

(1) Information prior to 2013 is not available.

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Greeneview Local School District
Greene County
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-------------------------------------------------------------------------|--------------------|--------------------|------------------|------------------|
| Contractually Required Contribution | \$267,849 | \$264,403 | \$234,810 | \$231,301 |
| Contributions in Relation to the Contractually Required Contribution | <u>(\$267,849)</u> | <u>(\$264,403)</u> | <u>(234,810)</u> | <u>(231,301)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered-Employee Payroll | \$1,913,207 | \$1,888,593 | \$1,781,563 | \$1,668,838 |
| Contributions as a Percentage of Covered-Employee Payroll | 14% | 14.00% | 13.18% | 13.86% |

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$232,757 | \$222,689 | \$186,750 | \$247,516 | \$162,361 | \$128,778 |
| <u>(232,757)</u> | <u>(222,689)</u> | <u>(186,750)</u> | <u>(247,516)</u> | <u>(162,361)</u> | <u>(128,778)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$1,681,770 | \$1,655,680 | \$1,485,680 | \$1,828,035 | \$1,650,010 | \$1,311,385 |
| 13.84% | 13.45% | 12.57% | 13.54% | 9.84% | 9.82% |

Greeneview Local School District
Greene County
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-------------------------------------------------------------------------|--------------------|--------------------|------------------|------------------|
| Contractually Required Contribution | \$734,593 | \$731,279 | \$734,130 | \$645,980 |
| Contributions in Relation to the Contractually Required Contribution | <u>(\$734,593)</u> | <u>(\$731,279)</u> | <u>(734,130)</u> | <u>(645,980)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered-Employee Payroll | \$5,247,095 | \$5,223,419 | \$5,243,786 | \$4,969,077 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 14.00% | 14.00% | 13.00% |

| <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$646,682 | \$644,289 | \$667,155 | \$662,765 | \$660,333 | \$656,703 |
| <u>(646,682)</u> | <u>(644,289)</u> | <u>(667,155)</u> | <u>(662,765)</u> | <u>(660,333)</u> | <u>(656,703)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$4,974,477 | \$4,956,069 | \$5,131,962 | \$5,098,192 | \$5,079,485 | \$5,051,562 |
| 13.00% | 13.00% | 13.00% | 13.00% | 13.00% | 13.00% |

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**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal CFDA Number | Pass Through Entity Identifying Number | Expenditures | Non-Cash Expenditures |
|----------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------|---------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Food Distribution): | | | | |
| National School Lunch Program | 10.555 | N/A | | \$26,535 |
| Cash Assistance | | | | |
| School Breakfast Program | 10.553 | N/A | \$43,551 | |
| National School Lunch Program | 10.555 | N/A | 144,981 | |
| National School Lunch Program - Incentive | 10.555 | N/A | 4,684 | |
| Total National School Lunch Program | | | <u>149,665</u> | <u>26,535</u> |
| Total Child Nutrition Cluster | | | <u>193,216</u> | <u>26,535</u> |
| Team Nutrition Grants | 10.574 | N/A | 5,000 | |
| Total U.S. Department of Agriculture | | | <u>198,216</u> | <u>26,535</u> |
| U. S. DEPARTMENT OF EDUCATION | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | 217,313 | |
| Special Education Cluster (IDEA): | | | | |
| Special Education Grants to States | 84.027 | N/A | 282,043 | |
| <i>Passed Through Greene County Educational Service Center</i> | | | | |
| Special Education Preschool Grants | 84.173 | N/A | 13,488 | |
| Total Special Education Grants (IDEA) | | | <u>295,531</u> | |
| <i>Passed Through Ohio Department of Education</i> | | | | |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | | | | |
| | 84.367 | N/A | 46,333 | |
| <i>Passed Through Greene County Educational Service Center</i> | | | | |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | | | | |
| | 84.367 | N/A | 5,082 | |
| Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | | | <u>51,415</u> | |
| Race to the Top - District Grants | 84.416 | N/A | 2,272 | |
| Total U. S. Department of Education | | | <u>566,531</u> | |
| U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| <i>Passed through Greene County Educational Service Center</i> | | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | | | | |
| | 93.243 | N/A | 7,206 | |
| Total U. S. Department of Health and Human Services | | | <u>7,206</u> | |
| Total Federal Awards Expenditures | | | <u>\$771,953</u> | <u>\$26,535</u> |

The accompanying notes are an integral part of this schedule.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Greeneview Local School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants and local funds. 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 - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Greeneview Local School District
Greene County
4 South Charleston Road
Jamestown, Ohio 45335

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Greeneview Local School District, Greene County, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018



Dave Yost • Auditor of State

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

Greeneview Local School District
Greene County
4 South Charleston Road
Jamestown, Ohio 45335

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Greeneview Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Greeneview Local School District's major federal programs for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our compliance opinion on each of 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, Greeneview Local 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, 2017.

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Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

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Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any 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)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR §200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Child Nutrition Cluster: School Breakfast Program (CFDA # 10.553) National School Lunch Program (CFDA # 10.555) Special Education Cluster (IDEA): Special Education Grants to States (CFDA # 84.027) Special Education Preschool Grants (CFDA # 84.173) |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR §200.520? | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Dave Yost • Auditor of State

GREENEVIEW LOCAL SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2018**