GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

**Millhuff-Stang, CPA, Inc.**
**8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548**
**45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978**
**Fax: 888.876.8549**
**natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com**
**www.millhuffstangcpa.com**

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Education
Green Local School District
4070 Gallia Pike
Franklin Furnace, Ohio 45629

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

**April 18, 2023**

**This page intentionally left blank.**

**Green Local School District**
**Scioto County**
*Table of Contents*
*For the Fiscal Year Ended June 30, 2022*

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

**Independent Auditor's Report**

Board of Education
Green Local School District
4070 Gallia Pike
Franklin Furnace, Ohio 45629

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Scioto County, Ohio, as of June 30, 2022, and the respective changes in financial position and respective budgetary comparison for the General Fund and ESSER Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 20 to the financial statements for the fiscal year ended June 30, 2022, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Millhuff-Stang, CPA, Inc.**
**8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548**
**45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978**
**Fax: 888.876.8549**
**natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com**
**www.millhuffstangcpa.com**

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability, the schedules of the District's proportionate share of the net OPEB liability (asset), and the schedules of District contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards expenditures, 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's 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 School District's internal control over financial reporting and compliance.

Millhuff-Stang CPA Inc.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 28, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Green Local School District (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2022. 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

- Net position of governmental activities increased $4,998,733.

- General revenues accounted for $9,907,548 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $4,303,004 or 30 percent of total revenues of $14,210,552.

- The School District had $9,211,819 in expenses related to governmental activities; $4,303,004 of these expenses was offset by program specific charges for services and sales and operating grants and contributions.

## USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Green Local School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available 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.

## REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets and required educational support services to be provided.

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity.

- Governmental Activities. Most of the School District's programs and services are reported here including instruction and support services.

## REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

### Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major funds are the General Fund, ESSER Special Revenue Fund, the Building Project Capital Project Fund, and the Classroom Facilities Capital Project Fund.

### Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational support services. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### Fiduciary Funds

Fiduciary 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 custodial funds. The School District's fiduciary funds consist of a private purpose trust fund which is used to maintain financial activity of the School District's college scholarship donations. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

## THE SCHOOL DISTRICT AS A WHOLE

As stated previously, 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 2022 compared to 2021.

Table 1
Net Position
Governmental Activities

| | 2022 | 2021 |
|---|---|---|
| Assets: | | |
| Current and Other Assets | $ 31,708,557 | $ 35,657,957 |
| Capital Assets, Net | 15,005,214 | 4,219,998 |
| Total Assets | 46,713,771 | 39,877,955 |
| Deferred Outflows of Resources | 1,903,256 | 1,788,598 |
| Liabilities: | | |
| Current and Other Liabilities | 3,084,460 | 649,819 |
| Long-Term Liabilities | 16,242,163 | 19,673,688 |
| Total Liabilities | 19,326,623 | 20,323,507 |
| Deferred Inflows of Resources | 6,495,605 | 3,546,980 |
| Net Position: | | |
| Net Investment in Capital Assets | 9,199,622 | 3,703,212 |
| Restricted | 16,635,554 | 18,017,654 |
| Unrestricted (Deficit) | (3,040,377) | (3,924,800) |
| Total Net Position | $ 22,794,799 | $ 17,796,066 |

The net pension liability (NPL) is one of the larger single liabilities reported by the School District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability is another significant liability reported by the School District at June 30, 2022 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability (Asset)*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total net position of the School District as a whole increased in the amount of $4,998,733. Current and other assets decreased primarily due to a decrease in equity in pooled cash and cash equivalents and intergovernmental receivables.

Capital assets increased due primarily to current year additions, which was partially offset by current year depreciation and deletions. Deferred outflows of resources increased due to the pension and OPEB activity. Current and other liabilities increased due to an increase in contracts payable as a result of the School District's construction projects. Long term liabilities decreased primarily due to pension and OPEB activity. Deferred inflows of resources increased due to the pension and OPEB activity.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2022 and 2021.

Table 2
Change in Net Position
Governmental Activities

| | 2022 | 2021 |
|---|---|---|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services and Sales | $435,040 | $567,360 |
| Operating Grants and Contributions | 3,867,964 | 1,874,510 |
| Total Program Revenues | 4,303,004 | 2,441,870 |
| General Revenues: | | |
| Property Taxes | 2,595,637 | 2,608,553 |
| Payments in Lieu of Taxes | 104,400 | 104,400 |
| Grants and Entitlements, Not Restricted to Specific Programs | 4,481,795 | 4,802,327 |
| Grants and Entitlements, Restricted to Classroom Facilities Project | 2,477,549 | 0 |
| Gifts and Donations, Not Restricted to Specific Programs | 0 | 630 |
| Investment Earnings | (84,493) | 55,613 |
| Miscellaneous | 332,660 | 138,716 |
| Total General Revenues | 9,907,548 | 7,710,239 |
| Total Revenues | 14,210,552 | 10,152,109 |
| Program Expenses | | |
| Instruction | | |
| Regular | 3,495,184 | 3,494,801 |
| Special | 1,011,142 | 1,264,731 |
| Vocational | 935 | 1,000 |
| Other | 564,944 | 1,181,372 |
| Support Services | | |
| Pupils | 108,211 | 256,485 |
| Instructional Staff | 142,644 | 231,649 |
| Board of Education | 176,163 | 242,516 |
| Administration | 634,110 | 729,667 |
| Fiscal | 319,802 | 291,970 |
| Operation and Maintenance of Plant | 871,619 | 648,619 |
| Pupil Transportation | 546,387 | 600,565 |
| Operation of Non-Instructional Services | 413,130 | 185,086 |
| Extracurricular Activities | 604,301 | 198,741 |
| Interest and Fiscal Charges | 323,247 | 323,216 |
| Total Expenses | 9,211,819 | 9,650,418 |
| Change in Net Position | 4,998,733 | 501,691 |
| Net Position at Beginning of Year | 17,796,066 | 17,294,375 |
| Net Position at End of Year | $22,794,799 | $17,796,066 |

**Governmental Activities**

Operating grants and contributions increased as a result of additional ESSER monies received by the School District during the current fiscal year. Grants and entitlements restricted to classroom facilities projects increased due to the School District's Ohio Facilities Construction Commission (OFCC) project.

Overall, expenses decreased $438,599, which is primarily due to a decrease in other instruction services provided by the School District.

Property taxes comprised 18 percent of revenue for governmental activities, while charges for services and sales comprised 3 percent. Operating Grants and contributions comprised 27 percent of revenue for governmental activities of the School District for fiscal year 2022. The largest amount for the School District was for grants and entitlements, not restricted for to specific programs which comprised of 32 percent for the current year.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 38 percent of governmental program expenses with Special Instruction and Other Instruction comprising 11 and 6 percent, respectively of governmental expenses.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Instruction | $ 5,072,205 | $ 2,354,901 | $ 5,941,904 | $ 4,255,743 |
| Support Services | 2,798,936 | 1,797,538 | 3,001,471 | 2,563,301 |
| Operation of Non-Instructional Services | 413,130 | (59,252) | 185,086 | 20,528 |
| Extracurricular Activities | 604,301 | 492,381 | 198,741 | 46,740 |
| Interest and Fiscal Charges | 323,247 | 323,247 | 323,216 | 322,236 |
| Total Expenses | $ 9,211,819 | $ 4,908,815 | $ 9,650,418 | $ 7,208,548 |

**THE SCHOOL DISTRICT'S FUNDS**

The fund balance of the General fund increased in the amount of $431,359. The increase is due to revenues exceeding expenditures during the current fiscal year due to a decrease in other instruction and transfers out between years. The fund balance in the Building Project Fund decreased $2,575,047. The decrease is due to expenditures exceeding revenues and other financing sources during the current fiscal year as a result of the School District's construction projects. The fund balance in the Classroom Facilities Fund decreased $62,303. The decrease is due to expenditures exceeding revenues during the current fiscal year. The fund balance in the ESSER fund decreased $177,984. The decrease is due to expenditures exceeding revenues during the current fiscal year.

## 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.

The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. Final budget revenues decreased in the amount of $572,460 from original budget revenues. The decrease is due to a decrease in expected tuition and fees and intergovernmental revenues. Final budget appropriations decreased in the amount of $813,125. This decrease is due to decreases in other instruction and instructional staff, which was partially offset by an increase to regular instruction and capital outlay. The General fund's ending unobligated cash balance was $3,479,632.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2022, the School District had $15,005,214 invested in its capital assets. Table 4 shows the fiscal year 2022 balances compared to 2021.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

Governmental Activities

| | 2022 | 2021 |
|---|---|---|
| Land and Land Improvements | $1,042,370 | $602,548 |
| Construction in Process | 11,126,266 | 1,525,892 |
| Buildings and Improvements | 2,049,426 | 1,460,559 |
| Furniture and Equipment | 504,000 | 301,889 |
| Vehicles | 238,568 | 284,526 |
| Textbooks | 44,584 | 44,584 |
| Totals | $15,005,214 | $4,219,998 |

Changes in capital assets from the prior year resulted from the current year additions, which were offset by depreciation expense and deletions. See Note 7 to the basic financial statements for more detailed information related to capital assets.

### Debt

At June 30, 2022, the School District had outstanding financed purchases in the amount of $690,703 and outstanding school facilities improvement bonds in the amount of $10,420,000. See Note 12 to the basic financial statements for more detailed information related to the other long-term obligations.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brodie Merrill, Treasurer, Green Local School District, 4070 Gallia Pike, Franklin Furnace, Ohio 45629.

**Green Local School District**
*Statement of Net Position*
*As of June 30, 2022*

| | Governmental Activities |
|---|---|
| **Assets:** | |
| Equity in Pooled Cash and Cash Equivalents | $13,552,663 |
| Cash and Cash Equivalents in Segregated Accounts | 1,193 |
| Intergovernmental Receivable | 14,223,077 |
| Prepaid Items | 56,731 |
| Property Taxes Receivable | 3,087,574 |
| Restricted Cash and Cash Equivalents | 309,896 |
| Net OPEB Asset | 477,423 |
| Nondepreciable Capital Assets | 11,653,529 |
| Depreciable Capital Assets, net | 3,351,685 |
| *Total Assets* | 46,713,771 |
| **Deferred Outflows of Resources:** | |
| Pension | 1,677,161 |
| OPEB | 226,095 |
| *Total Deferred Outflows of Resources* | 1,903,256 |
| **Liabilities:** | |
| Accounts Payable | 47,459 |
| Accrued Wages and Benefits Payable | 498,738 |
| Contracts Payable | 2,017,349 |
| Intergovernmental Payable | 119,997 |
| Accrued Interest Payable | 50,034 |
| Retainage Payable | 350,883 |
| Long-Term Liabilities: | |
| Due Within One Year | 438,437 |
| Due in More Than One Year | 11,319,894 |
| Net Pension Liability | 3,932,614 |
| Net OPEB Liability | 551,218 |
| *Total Liabilities* | 19,326,623 |
| **Deferred Inflows of Resources:** | |
| Property Taxes not Levied to Finance Current Year Operations | 2,469,355 |
| Pension | 3,145,575 |
| OPEB | 880,675 |
| *Total Deferred Inflows of Resources* | 6,495,605 |
| **Net Position:** | |
| Net Investment in Capital Assets | 9,199,622 |
| Restricted for Debt Service | 728,563 |
| Restricted for Capital Outlay | 15,604,948 |
| Restricted for Other Purposes | 302,043 |
| Unrestricted (Deficit) | (3,040,377) |
| *Total Net Position* | $22,794,799 |

The notes to the basic financial statements are an integral part of this statement

**Green Local School District**
*Statement of Activities*
*For the Fiscal Year Ended June 30, 2022*

| | Expenses | Program Revenues: Charges for Services and Sales | Program Revenues: Operating Grants and Contributions | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Instruction: | | | | |
| Regular | $3,495,184 | $99,344 | $1,842,769 | ($1,553,071) |
| Special | 1,011,142 | 26,472 | 696,241 | (288,429) |
| Vocational | 935 | 22 | 31,768 | 30,855 |
| Other | 564,944 | 20,688 | 0 | (544,256) |
| Support Services: | | | | |
| Pupils | 108,211 | 2,665 | 254,494 | 148,948 |
| Instructional Staff | 142,644 | 1,123 | 244,868 | 103,347 |
| Board of Education | 176,163 | 6,542 | 0 | (169,621) |
| Administration | 634,110 | 24,989 | 128,993 | (480,128) |
| Fiscal | 319,802 | 10,351 | 0 | (309,451) |
| Operation and Maintenance of Plant | 871,619 | 30,161 | 79,346 | (762,112) |
| Pupil Transportation | 546,387 | 46,724 | 171,142 | (328,521) |
| Operation of Non-Instructional Services | 413,130 | 54,082 | 418,300 | 59,252 |
| Extracurricular Activities | 604,301 | 111,877 | 43 | (492,381) |
| Interest and Fiscal Charges | 323,247 | 0 | 0 | (323,247) |
| *Total Governmental Activities* | $9,211,819 | $435,040 | $3,867,964 | (4,908,815) |

| | |
|---|---|
| **General Revenues:** | |
| Property Taxes Levied for: | |
| General Purposes | 1,820,001 |
| Debt Service | 689,045 |
| Permanent Improvements | 54,436 |
| Classroom Facilities Maintenance | 32,155 |
| Payments in Lieu of Taxes | 104,400 |
| Grants and Entitlements not Restricted for Specific Programs | 4,481,795 |
| Grants and Entitlements Restricted for School Facilities | 2,477,549 |
| Investment Earnings | (84,493) |
| Miscellaneous | 332,660 |
| *Total General Revenues* | 9,907,548 |
| *Change in Net Position* | 4,998,733 |
| *Net Position Beginning of Year* | 17,796,066 |
| *Net Position End of Year* | $22,794,799 |

The notes to the basic financial statements are an integral part of this statement

**Green Local School District**
*Balance Sheet*
*Governmental Funds*
*As of June 30, 2022*

| | General Fund | Building Project Fund | Classroom Facilities- State Fund | ESSER Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Assets:** | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | $3,581,051 | $2,231,338 | $6,696,521 | $0 | $1,043,753 | $13,552,663 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 0 | 0 | 1,193 | 1,193 |
| Interfund Receivable | 9,220 | 0 | 0 | 0 | 0 | 9,220 |
| Intergovernmental Receivable | 12,608 | 0 | 14,016,714 | 128,605 | 65,150 | 14,223,077 |
| Prepaid Items | 7,233 | 0 | 0 | 0 | 49,498 | 56,731 |
| Property Taxes Receivable | 2,170,828 | 0 | 0 | 0 | 916,746 | 3,087,574 |
| Restricted Assets: | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 0 | 77,690 | 218,632 | 13,574 | 0 | 309,896 |
| *Total Assets* | $5,780,940 | $2,309,028 | $20,931,867 | $142,179 | $2,076,340 | $31,240,354 |
| **Liabilities:** | | | | | | |
| Accounts Payable | $20,949 | $0 | $0 | $0 | $26,510 | $47,459 |
| Accrued Wages and Benefits | 391,900 | 0 | 0 | 53,596 | 53,242 | 498,738 |
| Contracts Payable | 0 | 424,834 | 1,537,438 | 55,077 | 0 | 2,017,349 |
| Interfund Payable | 0 | 0 | 0 | 0 | 9,220 | 9,220 |
| Intergovernmental Payable | 95,349 | 0 | 0 | 12,794 | 11,854 | 119,997 |
| Retainage Payable | 0 | 77,690 | 218,632 | 54,561 | 0 | 350,883 |
| *Total Liabilities* | 508,198 | 502,524 | 1,756,070 | 176,028 | 100,826 | 3,043,646 |
| **Deferred Inflows of Resources:** | | | | | | |
| Property Taxes not Levied to Finance Current Year Operations | 1,752,846 | 0 | 0 | 0 | 716,509 | 2,469,355 |
| Unavailable Revenue | 350,702 | 0 | 11,283,189 | 120,951 | 193,695 | 11,948,537 |
| *Deferred Inflows of Resources* | 2,103,548 | 0 | 11,283,189 | 120,951 | 910,204 | 14,417,892 |
| **Fund Balances:** | | | | | | |
| Nonspendable | 7,233 | 0 | 0 | 0 | 49,498 | 56,731 |
| Restricted | 0 | 1,806,504 | 7,892,608 | 0 | 1,051,828 | 10,750,940 |
| Committed | 66,399 | 0 | 0 | 0 | 0 | 66,399 |
| Assigned | 96,667 | 0 | 0 | 0 | 0 | 96,667 |
| Unassigned (Deficit) | 2,998,895 | 0 | 0 | (154,800) | (36,016) | 2,808,079 |
| *Total Fund (Deficit) Balances* | 3,169,194 | 1,806,504 | 7,892,608 | (154,800) | 1,065,310 | 13,778,816 |
| *Total Liabilities, Deferred Inflows of Resources, and Fund Balances* | $5,780,940 | $2,309,028 | $20,931,867 | $142,179 | $2,076,340 | $31,240,354 |

The notes to the basic financial statements are an integral part of this statement.

**Green Local School District**
*Reconciliation of Total Governmental Fund Balances to*
*Net Position of Governmental Activities*
*As of June 30, 2022*

| | | |
|---|---|---|
| **Total Governmental Fund Balances** | | $13,778,816 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 15,005,214 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | | |
| Grants | 11,454,345 | |
| Delinquent Taxes | 494,192 | |
| Total | | 11,948,537 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | | (50,034) |
| The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds: | | |
| Deferred Outflows-Pension | 1,677,161 | |
| Deferred Outflows-OPEB | 226,095 | |
| Deferred Inflows-Pension | (3,145,575) | |
| Deferred Inflows-OPEB | (880,675) | |
| Net Pension Liability | (3,932,614) | |
| Net OPEB Asset | 477,423 | |
| Net OPEB Liability | (551,218) | |
| Total | | (6,129,403) |
| Long-term liabilities, including bonds and related liabilities, financed-purchase agreements, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General Obligation Bonds and Premiums | (10,662,442) | |
| Compensated Absences | (405,186) | |
| Financed Purchases | (690,703) | |
| Total | | (11,758,331) |
| **Net Position of Governmental Activities** | | $22,794,799 |

The notes to the basic financial statements are an integral part of this statement

**Green Local School District**
*Statement of Revenues, Expenditures and Changes in Fund Balances*
*Governmental Funds*
*For the Fiscal Year Ended June 30, 2022*

| | General Fund | Building Project Fund | Classroom Facilities - State Fund | ESSER Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Revenues:** | | | | | | |
| Property Taxes | $1,824,258 | $0 | $0 | $0 | $777,277 | $2,601,535 |
| Intergovernmental | 5,031,763 | 0 | 6,904,750 | 2,085,078 | 1,088,445 | 15,110,036 |
| Interest | 6,434 | 8,706 | 20,011 | 0 | 2,309 | 37,460 |
| Change in Fair Value of Investments | (82,503) | (39,450) | 0 | 0 | 0 | (121,953) |
| Tuition and Fees | 241,597 | 0 | 0 | 0 | 0 | 241,597 |
| Extracurricular Activities | 6,226 | 0 | 0 | 0 | 133,446 | 139,672 |
| Gifts and Donations | 0 | 0 | 0 | 0 | 43 | 43 |
| Customer Sales and Services | 0 | 0 | 0 | 0 | 53,771 | 53,771 |
| Payments in Lieu of Taxes | 77,966 | 0 | 0 | 0 | 26,434 | 104,400 |
| Miscellaneous | 105,872 | 226,405 | 0 | 0 | 383 | 332,660 |
| *Total Revenues* | 7,211,613 | 195,661 | 6,924,761 | 2,085,078 | 2,082,108 | 18,499,221 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 2,671,612 | 0 | 0 | 822,183 | 171,279 | 3,665,074 |
| Special | 721,218 | 0 | 0 | 0 | 333,892 | 1,055,110 |
| Vocational | 599 | 0 | 0 | 0 | 0 | 599 |
| Other | 564,585 | 0 | 0 | 0 | 0 | 564,585 |
| Support Services: | | | | | | |
| Pupils | 71,934 | 0 | 0 | 42,121 | 0 | 114,055 |
| Instructional Staff | 44,663 | 0 | 0 | 104,465 | 5,325 | 154,453 |
| Board of Education | 178,537 | 0 | 0 | 0 | 0 | 178,537 |
| Administration | 591,821 | 0 | 0 | 0 | 120,223 | 712,044 |
| Fiscal | 277,419 | 3,152 | 33,243 | 0 | 17,550 | 331,364 |
| Operation and Maintenance of Plant | 821,995 | 0 | 0 | 38,880 | 0 | 860,875 |
| Pupil Transportation | 436,557 | 0 | 0 | 59,606 | 0 | 496,163 |
| Operation of Non-Instructional Services | 8,476 | 0 | 0 | 0 | 413,591 | 422,067 |
| Extracurricular Activities | 194,170 | 0 | 0 | 226,405 | 84,971 | 505,546 |
| Capital Outlay | 133,304 | 3,044,814 | 6,953,821 | 969,402 | 0 | 11,101,341 |
| Debt Service: | | | | | | |
| Principal | 50,000 | 67,838 | 0 | 0 | 375,000 | 492,838 |
| Interest | 13,364 | 13,445 | 0 | 0 | 308,003 | 334,812 |
| *Total Expenditures* | 6,780,254 | 3,129,249 | 6,987,064 | 2,263,062 | 1,829,834 | 20,989,463 |
| *Excess of Revenues Over (Under) Expenditures* | 431,359 | (2,933,588) | (62,303) | (177,984) | 252,274 | (2,490,242) |
| **Other Financing Sources:** | | | | | | |
| Proceed from Financed Purchase Agreement | 0 | 358,541 | 0 | 0 | 0 | 358,541 |
| *Total Other Financing Sources* | 0 | 358,541 | 0 | 0 | 0 | 358,541 |
| *Net Change in Fund Balances* | 431,359 | (2,575,047) | (62,303) | (177,984) | 252,274 | (2,131,701) |
| *Fund Balances at Beginning of Year* | 2,737,835 | 4,381,551 | 7,954,911 | 23,184 | 813,036 | 15,910,517 |
| *Fund (Deficit) Balances at End of Year* | $3,169,194 | $1,806,504 | $7,892,608 | ($154,800) | $1,065,310 | $13,778,816 |

The notes to the basic financial statements are an integral part of this statement.

**Green Local School District**

*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, 2022*

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | | ($2,131,701) |
| 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. This is the amount by which capital asset additions exceeded depreciation in the current period. | | |
| Capital Asset Additions | 11,101,341 | |
| Current Year Depreciation | (316,125) | |
| Total | | 10,785,216 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Grants | (4,282,771) | |
| Delinquent Taxes | (5,898) | |
| Total | | (4,288,669) |
| Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows. | | |
| Pension | 508,142 | |
| OPEB | 18,653 | |
| Total | | 526,795 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (assets) are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | 4,980 | |
| OPEB | (34,793) | |
| Total | | (29,813) |
| Long-term debt proceeds are other financing sources in the governmental funds but the issuance increases the long-term liabilities on the statement of net position. | | |
| Proceeds from Financed-Purchase Agreement | | (358,541) |
| Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. | | 492,838 |
| Interest is reported as an expenditure when due in the governmental funds, but is accrued as outstanding debt on the statement of net position. | | |
| Accrued Interest Payable | 1,490 | |
| Premium | 10,075 | |
| Total | | 11,565 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: | | |
| Compensated Absences | (8,957) | |
| Total | | (8,957) |
| **Net Change in Net Position of Governmental Activities** | | $4,998,733 |

The notes to the basic financial statements are an integral part of this statement

**Green Local School District**

*Statement of Revenues, Expenditures and Changes*
*In Fund Balance - Budget and Actual*
*(Budgetary Basis)*
*General Fund*
*For the Fiscal Year Ended June 30, 2022*

| | Budgeted Amounts | | | Variance with Final Budget: Positive |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | (Negative) |
| Total Revenues and Other Financing Sources | $8,002,207 | $7,429,747 | $7,420,597 | ($9,150) |
| Total Expenditures and Other Financing Uses | 7,685,840 | 6,872,715 | 6,986,622 | (113,907) |
| Net Change in Fund Balance | 316,367 | 557,032 | 433,975 | (123,057) |
| Fund Balance, July 1, 2021 | 3,042,345 | 3,042,345 | 3,042,345 | 0 |
| Prior Year Encumbrances Appropriated | 3,312 | 3,312 | 3,312 | 0 |
| Fund Balance, June 30, 2022 | $3,362,024 | $3,602,689 | $3,479,632 | ($123,057) |

The notes to the basic financial statements are an integral part of this statement.

**Green Local School District**
*Statement of Revenues, Expenditures and Changes*
*In Fund Balance - Budget and Actual*
*(Budgetary Basis)*
*ESSER Fund*
*For the Fiscal Year Ended June 30, 2022*

| | Budgeted Amounts | | | Variance with Final Budget: Positive |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | (Negative) |
| Total Revenues and Other Financing Sources | $3,240,101 | $2,125,725 | $2,125,725 | $0 |
| Total Expenditures and Other Financing Uses | 3,244,081 | 2,116,131 | 2,116,131 | 0 |
| Net Change in Fund Balance | (3,980) | 9,594 | 9,594 | 0 |
| Fund Balance, July 1, 2021 | 3,980 | 3,980 | 3,980 | 0 |
| Fund Balance, June 30, 2022 | $0 | $13,574 | $13,574 | $0 |

The notes to the basic financial statements are an integral part of this statement.

**Green Local School District**
*Statement of Fiduciary Net Position*
*Fiduciary Fund*
*June 30, 2022*

| | Private Purpose Trust Fund |
|---|---|
| ASSETS: | |
| Equity in Pooled Cash and Cash Equivalents | $4,273 |
| NET POSITION: | |
| Held in Trust for Scholarships | 4,273 |
| *Total Net Position* | $4,273 |

The notes to the basic financial statements are an integral part of this statement.

**Green Local School District**
*Statement of Changes in Fiduciary Net Position*
*Fiduciary Fund*
*For the Fiscal Year Ended June 30, 2022*

| | Private Purpose Trust Fund |
|---|---|
| ADDITIONS: | |
| Gifts and Contributions | $700 |
| *Total Additions* | 700 |
| DEDUCTIONS: | |
| Payments in Accordance with Trust Agreements | 500 |
| *Total Deductions* | 500 |
| Change in Net Position | 200 |
| *Net Position Beginning of Year* | 4,073 |
| *Net Position End of Year* | $4,273 |

The notes to the basic financial statements are an integral part of this statement.

## NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Scioto County, and includes all of Green Township. It is staffed by 34 non-certificated employees and 50 certificated full-time teaching and administrative personnel who provide services to 541 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

*Reporting Entity:*

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 of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Green 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. The School District has no component units.

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

* Boosters Clubs
* Parent Teacher Organizations

The School District is associated with six organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, and two as insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association (META), the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, the Optimal Health Initiatives Consortium, the School of Ohio Risk Sharing Authority (SORSA), and the Ohio SchoolComp Workers' Compensation Group Rating Plan. These organizations are presented in Notes 13 and 14 to the basic financial statements.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## 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 statement of net position presents the financial condition of 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 fund financial statements is on major funds rather than reporting funds by type. The major funds are presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

## Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

### 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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

#### General Fund

The General Fund is the general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

**Building Project Fund**

The Building Project Fund is a capital projects fund used to account for all monies received and expended in connection with contracts entered into by the School District for the acquisition, construction or improvement of capital facilities.

**Classroom Facilities Fund**

The Classroom Facilities Fund is a capital projects fund provided to account for all monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission (OFCC) for the building and equipping of classroom facilities.

**Elementary and Secondary School Emergency Relief (ESSER) Fund**

The ESSER fund is a special revenue fund used to account for emergency relief grants to school districts related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training, and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no custodial funds. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's fiduciary fund consists of a private purpose trust fund which is used to maintain financial activity of the School District's college scholarship donations.

**Measurement Focus**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The Statement of Activities presents 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, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the presentation of expenses versus expenditures, the recording of deferred inflows/outflows of resources related to delinquent taxes, intergovernmental revenues, pensions, other postemployment benefits, and the recording of net pension and other postemployment benefit liabilities (assets).

**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. "Measurable" means the amount of the transaction can be determined and “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 year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). 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 expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Deferred Outflows and Deferred 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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits. The deferred outflows of resources related to pension and other postemployment benefits are explained in Note 9 and Note 10.

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, other postemployment benefits, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and other postemployment benefits are reported on the government-wide statement of net position. (See Note 9 and Note 10)

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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, except for (1) principal and interest on general long-term debt and financed purchase obligations, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgetary Process**

All funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set 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 Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal 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 are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate in effect when the final appropriations for the fiscal year were passed.

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

**Cash and Cash Equivalents**

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

During fiscal year 2022, the School District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio), government agency securities, money market accounts, and negotiable certificates of deposit.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits and redemptions of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2022 amounted to $6,434 for the General Fund, $8,706 for the Building Project Fund, $20,011 for the Classroom Facilities Fund, and $2,309 for All Other Governmental Funds. The School District also recognized a decrease in the fair value of investments of $82,503 in the General fund and $39,450 in the Building Project fund.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. The School District's certificates of deposit are reported on the financial statements as equity in pooled cash and cash equivalents.

**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 externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. The School District had reported restricted assets as of June 30, 2022 due to amounts held for retainage due to contractors.

**Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. 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 capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $1,000. 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. The School District does not capitalize interest for capital asset purchases.

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

| Description | Estimated Lives |
|---|---|
| Land Improvements | 15-40 years |
| Buildings and Improvements | 10-40 years |
| Furniture and Equipment | 5-20 years |
| Vehicles | 4-8 years |
| Textbooks | 7 years |

**Compensated Absences**

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future.

The accrual amount is based upon accumulated sick leave and accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as 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 fund from which the employee will be paid. The School District did not have any matured compensated absences payable to report at June 30, 2022.

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

**Fund Balance**

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

***Nonspendable*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the 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.

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Net Position**

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consist 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services, and extracurricular activities.

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

None of the School District's restricted net position is restricted by enabling legislation.

**Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the governmental activities column of the statement of net position.

**Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the 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. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

**Pensions and Other PostEmployment Benefits (OPEB)**

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**Bond Premiums**

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. On the fund financial statements bond premiums are recognized in the current period.

## NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance for governmental fund types (GAAP basis); and

4. Budgetary revenues and expenditures of the Public School Support Fund and Termination Benefits Fund are reclassified to the General Fund for GAAP reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and the ESSER fund.

Net Change in Fund Balance

| | General | ESSER |
|---|---|---|
| GAAP Basis | $431,359 | ($177,984) |
| Revenue Accruals | 215,210 | 40,647 |
| Expenditure Accruals | (100,157) | 146,931 |
| Perspective Difference: | | |
| Activity of Funds Reclassed for GAAP Reporting Purposes | 1,470 | 0 |
| Encumbrances | (113,907) | 0 |
| Budget Basis | $433,975 | $9,594 |

**<u>NOTE 4 - DEPOSITS AND INVESTMENTS</u>**

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

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

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

Interim 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 monies may 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 Custodial 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, and Government National Mortgage Association. All federal Custodial securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits*** Custodial credit risk for deposits is the risk that in the event of a 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 June 30, 2022, the School District's total bank balance of $2,948,569 was insured or collateralized as described below.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments*** As of June 30, 2022, the School District had the following investments:

| | Measurement Amount | Less than 12 months | 1-2 Years | 3-5 Years |
|---|---|---|---|---|
| Money Markets | $511,361 | $511,361 | $0 | $0 |
| FHLB | 462,330 | 0 | 0 | 462,330 |
| StarOhio | 8,726,476 | 8,726,476 | 0 | 0 |
| Negotiable Certificates of Deposit | 1,217,964 | 244,351 | 768,908 | 204,705 |
| Total Investment Portfolio | $10,918,131 | $9,482,188 | $768,908 | $667,035 |

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. As discussed further in Note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the School District does not have an investment policy, the School District manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to STAROhio, Negotiable Certificates of Deposit, Federal Home Loan Banks, and Money Markets. Investments in STAR Ohio and the Money Market account were rated AAAm by Standard & Poor's and the Federal Home Loan Banks was rated AA+ by Standard & Poor's. The School District's investments in individual marketable certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does have an investment policy which allows investments as outlined in the sections of Chapter 135 of the Ohio Revised Code, at a price not exceeding their fair market value. The School District has invested 5 percent in Money Markets, 4 percent in Federal Home Loan Bank, 11 percent in negotiable certificates of deposit, and 80 percent in STAROhio.

Custodial Credit Risk - 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. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

## NOTE 5 - 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 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 year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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 year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected in 2022 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 assessed values upon which fiscal year 2022 taxes were collected are:

| | 2021 Second-Half Collections | | 2022 First-Half Collections | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | $ 70,393,290 | 77.54% | $ 71,613,870 | 77.34% |
| Public Utility | 20,394,940 | 22.46% | 20,977,660 | 22.66% |
| Total Assessed Value | $ 90,788,230 | 100.00% | $ 92,591,530 | 100.00% |
| Tax rate per $1,000 of assessed valuation | $ 33.57 | | $ 33.57 | |

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2022, was $67,280 in the General Fund and $56,747 in All Other Governmental Funds.

## NOTE 6 - RECEIVABLES

Receivables at June 30, 2022, consisted of taxes, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

| | Amount |
|---|---|
| Major Funds: | |
| General Fund | $12,608 |
| Classroom Facilities Fund | 14,016,714 |
| ESSER Fund | 128,605 |
| Non-Major Special Revenue Funds: | |
| Lunchroom | 2,397 |
| Public School Preschool | 16,540 |
| Title VI-B | 4,595 |
| Title I | 41,618 |
| Total Non-Major Special Revenue Funds | 65,150 |
| Total All Funds/Governmental Activities | $14,223,077 |

## NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

| | Ending Balance 6/30/2021 | Additions | Deletions | Ending Balance 6/30/2022 |
|---|---|---|---|---|
| Capital Assets, Not Being Depreciated | | | | |
| Construction in Process | $1,525,892 | $9,875,012 | ($274,638) | $11,126,266 |
| Land | 527,263 | 0 | 0 | 527,263 |
| Total Capital Assets, Not Being Depreciated | 2,053,155 | 9,875,012 | (274,638) | 11,653,529 |
| Capital Assets, Being Depreciated | | | | |
| Land Improvements | 395,170 | 448,632 | 0 | 843,802 |
| Buildings and Improvements | 5,698,618 | 676,028 | (611,680) | 5,762,966 |
| Furniture and Equipment | 1,738,313 | 376,307 | 0 | 2,114,620 |
| Vehicles | 869,018 | 0 | 0 | 869,018 |
| Textbooks | 470,963 | 0 | (7,538) | 463,425 |
| Total Capital Assets, Being Depreciated | 9,172,082 | 1,500,967 | (619,218) | 10,053,831 |
| Less Accumulated Depreciation | | | | |
| Land Improvements | (319,885) | (8,810) | 0 | (328,695) |
| Buildings and Improvements | (4,238,059) | (87,161) | 611,680 | (3,713,540) |
| Furniture and Equipment | (1,436,424) | (174,196) | 0 | (1,610,620) |
| Vehicles | (584,492) | (45,958) | 0 | (630,450) |
| Textbooks | (426,379) | 0 | 7,538 | (418,841) |
| Total Accumulated Depreciation | (7,005,239) | (316,125) | 619,218 | (6,702,146) |
| Total Capital Assets, Being Depreciated, Net | 2,166,843 | 1,184,842 | 0 | 3,351,685 |
| Governmental Activities Capital Assets, Net | $4,219,998 | $11,059,854 | ($274,638) | $15,005,214 |

Depreciation expense was charged to government functions as follows:

| | |
|---|---|
| Regular Instruction | $85,351 |
| Special Instruction | 2,088 |
| Vocational Instruction | 336 |
| Other Instruction | 359 |
| S.S. Instructional Staff | 275 |
| S.S. Administration | 122 |
| S.S. Operation and Maintenance of Plant | 31,584 |
| S.S. Pupil Transportation | 83,117 |
| Operation of Non-Instructional Services | 3,601 |
| Extracurricular Activities | 109,292 |
| | $316,125 |

## NOTE 8 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided are as follows:

| | |
|---|---|
| Building and Contents-replacement cost - pool limit ($500 deductible) | $350,000,000 |
| Earthquake ($50,000 deductible) | 2,000,000 |
| Computer Equipment – pool limit ($500 deductible) | 300,000,000 |
| Automobile Liability | 15,000,000 |
| Uninsured Motorists | 1,000,000 |
| General Liability | |
| Per occurrence | 15,000,000 |
| Total per year | 17,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District evaluated its coverage during the current fiscal year and increased its coverage from prior year.

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 14), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

For fiscal year 2022, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 14). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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. Participation in the GRP is limited to participants that can meet the GRP’s selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

## NOTE 9 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**Net Pension Liability/Net OPEB Liability (Asset)**

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability to (asset for) employees for pensions/OPEB. Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See note 10 for the required OPEB disclosures.

**School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contributions to SERS were $131,231 for fiscal year 2022. Of this amount, $12,267 was reported as an intergovernmental payable.

**State Teachers Retirement System (STRS)**

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

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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 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 is deposited into the member's DC account 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 at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contributions to STRS were $376,911 for fiscal year 2022. Of this amount, $74,536 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, 2021 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 (gain):

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability Current Measurement Date | 0.02811660% | 0.022643638% | |
| Proportion of the Net Pension Liability Prior Measurement Date | 0.02811780% | 0.021874940% | |
| Change in Proportionate Share | -0.00000120% | 0.000768698% | |
| Proportionate Share of the Net Pension Liability | $1,037,421 | $2,895,193 | $3,932,614 |
| Pension Expense (Gain) | ($31,186) | $36,166 | $4,980 |

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | SERS | STRS | Total |
|---|---|---|---|
| *Deferred Outflows of Resources* | | | |
| Differences between expected and actual experience | $100 | $89,447 | $89,547 |
| Changes of assumptions | 21,845 | 803,177 | 825,022 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 31,270 | 223,180 | 254,450 |
| School District contributions subsequent to the measurement date | 131,231 | 376,911 | 508,142 |
| Total Deferred Outflows of Resources | $184,446 | $1,492,715 | $1,677,161 |
| *Deferred Inflows of Resources* | | | |
| Differences between expected and actual experience | $26,905 | $18,147 | $45,052 |
| Net difference between projected and actual earnings on pension plan investments | 534,302 | 2,495,101 | 3,029,403 |
| Changes in proportion and differences between School District contributions and proportionate share of contributions | 1,287 | 69,833 | 71,120 |
| Total Deferred Inflows of Resources | $562,494 | $2,583,081 | $3,145,575 |

$508,142 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2023 | ($107,221) | ($349,249) | ($456,470) |
| 2024 | (111,022) | (284,093) | (395,115) |
| 2025 | (127,039) | (367,139) | (494,178) |
| 2026 | (163,997) | (466,796) | (630,793) |
| Total | ($509,279) | ($1,467,277) | ($1,976,556) |

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Inflation | 2.4 percent | 3.00 percent |
| Future Salary Increases, including inflation | 3.25 percent to 13.58 percent | 3.50 percent to 18.20 percent |
| COLA or Ad Hoc COLA | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement | 2.5 percent |
| Investment Rate of Return | 7.00 percent net of System expenses | 7.50 percent net of investment expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | Entry Age Normal (Level Percent of Payroll) |

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 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. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 2.00 % | (0.33) % |
| US Equity | 24.75 | 5.72 |
| Non-US Equity Developed | 13.50 | 6.55 |
| Non-US Equity Emerging | 6.75 | 8.54 |
| Fixed Income/Global Bonds | 19.00 | 1.14 |
| Private Equity | 11.00 | 10.03 |
| Real Estate/Real Assets | 16.00 | 5.41 |
| Multi-Asset Strategy | 4.00 | 3.47 |
| Private Debt/Private Credit | 3.00 | 5.28 |
| Total | 100.00 % | |

***Discount Rate*** The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $1,726,014 | $1,037,421 | $456,701 |

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Inflation | 2.50 percent | 2.50 percent |
| Projected salary increases | 12.50 percent at age 20 to 2.50 percent at age 65 | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.45 percent, net of investment expenses, including inflation |
| Discount Rate of Return | 7.00 percent | 7.45 percent |
| Payroll Increases | 3.00 percent | 3.00 percent |
| Cost-of-Living Adjustments (COLA) | 0.0 percent | 0.0 percent, |

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return* |
|---|---|---|
| Domestic Equity | 28.00 % | 7.35 % |
| International Equity | 23.00 | 7.55 |
| Alternatives | 17.00 | 7.09 |
| Fixed Income | 21.00 | 3.00 |
| Real Estate | 10.00 | 6.00 |
| Liquidity Reserves | 1.00 | 2.25 |
| Total | 100.00 % | |

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***Discount Rate*** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021 and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that 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. 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

***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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| School District's proportionate share of the net pension liability | $5,421,612 | $2,895,193 | $760,374 |

***Changes Between the Measurement Date and the Reporting Date*** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

## NOTE 10 – DEFINED BENEFIT OPEB PLANS

See Note 9 for a description of the net OPEB liability (asset).

**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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive 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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was $18,653.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS for health care was $18,653 for fiscal year 2022. Of this amount, $18,653 was reported as an intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial 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 to offer the Plan and gives the Retirement Board discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net OPEB Liability (Asset) | | | |
| Current Measurement Date | 0.02912520% | 0.022643638% | |
| Proportion of the Net OPEB Liability (Asset) | | | |
| Prior Measurement Date | 0.02885960% | 0.021874940% | |
| Change in Proportionate Share | 0.00026560% | 0.000768698% | |
| Proportionate Share of the Net | | | |
| OPEB Liability | $551,218 | $0 | $551,218 |
| Proportionate Share of the Net | | | |
| OPEB Asset | $0 | ($477,423) | ($477,423) |
| OPEB Expense (Gain) | ($53,089) | $18,296 | ($34,793) |

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | SERS | STRS | Total |
|---|---|---|---|
| *Deferred Outflows of Resources* | | | |
| Differences between expected and | | | |
| actual experience | $5,876 | $16,999 | $22,875 |
| Changes of assumptions | 86,472 | 30,496 | 116,968 |
| Changes in proportionate share and | | | |
| difference between School District contributions | | | |
| and proportionate share of contributions | 61,570 | 6,029 | 67,599 |
| School District contributions subsequent to the | | | |
| measurement date | 18,653 | 0 | 18,653 |
| Total Deferred Outflows of Resources | $172,571 | $53,524 | $226,095 |
| *Deferred Inflows of Resources* | | | |
| Differences between expected and | | | |
| actual experience | $274,531 | $87,470 | $362,001 |
| Changes of assumptions | 75,484 | 284,818 | 360,302 |
| Net difference between projected and | | | |
| actual earnings on OPEB plan investments | 11,975 | 132,332 | 144,307 |
| Changes in proportionate share and | | | |
| difference between School District contributions | | | |
| and proportionate share of contributions | 7,432 | 6,633 | 14,065 |
| Total Deferred Inflows of Resources | $369,422 | $511,253 | $880,675 |

$18,653 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2023 | ($48,210) | ($132,187) | ($180,397) |
| 2024 | (48,296) | (128,875) | (177,171) |
| 2025 | (46,910) | (124,177) | (171,087) |
| 2026 | (41,631) | (54,148) | (95,779) |
| 2027 | (23,050) | (18,842) | (41,892) |
| Thereafter | (7,407) | 500 | (6,907) |
| Total | ($215,504) | ($457,729) | ($673,233) |

**Actuarial Assumptions - SERS**

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Inflation | 2.40 percent | 3.00 percent |
| Future Salary Increases, including inflation | | |
| Wage Increases | 3.25 percent to 13.58 percent | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.50 percent, net of investment expenses, including inflation |
| Municipal Bond Index Rate: | | |
| Measurement Date | 1.92 percent | 2.45 percent |
| Prior Measurement Date | 2.45 percent | 3.13 percent |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation | | |
| Measurement Date | 2.27 percent | 2.63 percent |
| Prior Measurement Date | 2.63 percent | 3.22 percent |
| Medical Trend Assumption | | |
| Medicare | 5.125 to 4.40 percent | 5.25 to 4.75 percent |
| Pre-Medicare | 6.75 to 4.40 percent | 7.00 to 4.75 percent |

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 2.00 % | (0.33) % |
| US Equity | 24.75 | 5.72 |
| Non-US Equity Developed | 13.50 | 6.55 |
| Non-US Equity Emerging | 6.75 | 8.54 |
| Fixed Income/Global Bonds | 19.00 | 1.14 |
| Private Equity | 11.00 | 10.03 |
| Real Estate/Real Assets | 16.00 | 5.41 |
| Multi-Asset Strategy | 4.00 | 3.47 |
| Private Debt/Private Credit | 3.00 | 5.28 |
| Total | 100.00 % | |

***Discount Rate*** The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

| | 1% Decrease (1.27%) | Current Discount Rate (2.27%) | 1% Increase (3.27%) |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | $683,026 | $551,218 | $445,921 |

| | 1% Decrease (5.75% decreasing to 3.40%) | Current Trend Rate (6.75% decreasing to 4.40%) | 1% Increase (7.75% decreasing to 5.40%) |
|---|---|---|---|
| School District's proportionate share of the net OPEB liability | $424,393 | $551,218 | $720,618 |

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented below:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Projected salary increases | 12.50 percent at age 20 to 2.50 percent at age 65 | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases | 3 percent | 3 percent |
| Discount Rate of Return | 7.00 percent | 7.45 percent |
| Health Care Cost Trends | | |
| Medical | | |
| Pre-Medicare | 5.00 percent initial, 4 percent ultimate | 5.00 percent initial, 4 percent ultimate |
| Medicare | -16.18 percent initial, 4 percent ultimate | -6.69 percent initial, 4 percent ultimate |
| Prescription Drug | | |
| Pre-Medicare | 6.50 percent initial, 4 percent ultimate | 6.50 percent initial, 4 percent ultimate |
| Medicare | 29.98 initial, 4 percent ultimate | 11.87 initial, 4 percent ultimate |

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return* |
|---|---|---|
| Domestic Equity | 28.00 % | 7.35 % |
| International Equity | 23.00 | 7.55 |
| Alternatives | 17.00 | 7.09 |
| Fixed Income | 21.00 | 3.00 |
| Real Estate | 10.00 | 6.00 |
| Liquidity Reserves | 1.00 | 2.25 |
| Total | 100.00 % | |

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***Discount Rate*** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate*** The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| School District's proportionate share of the net OPEB asset | ($402,871) | ($477,423) | ($539,699) |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| School District's proportionate share of the net OPEB asset | ($537,176) | ($477,423) | ($403,532) |

***Changes Between the Measurement Date and the Reporting Date*** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

## NOTE 11 - EMPLOYEE BENEFITS

### *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 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 275 days for classified personnel and 275 days for certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 65 days for classified and 64 days for certified personnel.

### *Insurance Benefits*

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Core Source, Inc. and the Hartford Plan.

### *Deferred Compensation*

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

## NOTE 12 - LONG-TERM LIABILITIES

The changes in the School District's long-term liabilities during fiscal year 2022 were as follows:

| | Principal Outstanding 06/30/21 | Additions | Deductions | Principal Outstanding 06/30/22 | Due in One Year |
|---|---|---|---|---|---|
| Compensated Absences | $396,229 | $374,460 | $365,503 | $405,186 | $41,689 |
| Net Pension Liability: | | | | | |
| STRS | 5,292,957 | 0 | 2,397,764 | 2,895,193 | 0 |
| SERS | 1,859,771 | 0 | 822,350 | 1,037,421 | 0 |
| Total Net Pension Liability | 7,152,728 | 0 | 3,220,114 | 3,932,614 | 0 |
| Net OPEB Liability: | | | | | |
| SERS | 627,214 | 0 | 75,996 | 551,218 | 0 |
| Total OPEB Liability | 627,214 | 0 | 75,996 | 551,218 | 0 |
| School Facilities Construction and Improvement Bonds | 1,920,000 | 0 | 375,000 | 1,545,000 | 280,000 |
| Premium | 28,900 | 0 | 3,400 | 25,500 | 0 |
| School Facilities Construction and Improvement Bonds | 8,875,000 | 0 | 0 | 8,875,000 | 0 |
| Premium | 223,617 | 0 | 6,675 | 216,942 | 0 |
| Total Improvement Bonds | 11,047,517 | 0 | 385,075 | 10,662,442 | 280,000 |
| Financed Purchases | 450,000 | 358,541 | 117,838 | 690,703 | 116,748 |
| Total Long-Term Obligations | $19,673,688 | $733,001 | $4,164,526 | $16,242,163 | $438,437 |

Compensated absences will be paid from the fund in which the employees' salaries are paid, with the most significant fund being the General Fund. There are no repayment schedules for the net pension and net OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General Fund, and the Food Service, Preschool, ESSER, Title I, IDEA-B, and Title II-A Special Revenue Funds. See Notes 9 and 10 for additional information related to net pension and net OPEB liabilities.

### School Facilities Construction and Improvement Bonds

On January 6, 2020, the School District issued Series 2020 School Facilities Construction and Improvement Bonds in the total amount of $2,070,000. Principal amounts are due annually at an interest rate of 2.41% with last maturity on November 1, 2030. The bonds will be repaid from the Bond Retirement fund.

On August 14, 2019, the School District issued Series 2019 School Facilities Construction and Improvement Bonds in the total amount of $9,500,000. The issuance consisted of $625,000 Serial Bonds maturing in fiscal year 2020 and 2021 at an interest rate of 5.0% and $8,875,000 Term Bonds maturing at various intervals from fiscal years 2032 to 2056 at an interest rate of 3.0%. The bonds will be repaid from the Bond Retirement fund.

The School District's overall legal debt margin was $8,934,281 with an unvoted debt margin of $92,592 at June 30, 2022.

Principal and interest requirements to retire Classroom Facilities Bonds outstanding at June 30, 2022 are as follows:

| Fiscal Year Ending June 30, | Bonds Principal | Bonds Interest |
|---|---|---|
| 2023 | $ 280,000 | $ 308,003 |
| 2024 | 142,000 | 300,110 |
| 2025 | 146,000 | 295,025 |
| 2026 | 149,000 | 291,555 |
| 2027 | 156,000 | 25,305 |
| 2028-2032 | 877,000 | 1,379,316 |
| 2033-2037 | 1,235,000 | 1,211,325 |
| 2038-2042 | 1,560,000 | 1,002,150 |
| 2043-2047 | 1,825,000 | 747,375 |
| 2048-2052 | 2,120,000 | 452,250 |
| 2053-2056 | 1,930,000 | 118,050 |
| Total | $ 10,420,000 | $ 6,130,464 |

**Financed Purchases**

During the current fiscal year, the School District entered into a financed purchase for the purpose of purchasing and installing a scoreboard. During a previous fiscal year, the School District entered into a financed purchase for the purpose of constructing a bus garage. These agreements meet the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. These financed purchase agreements will be paid from the general fund and the building project fund.

The annual requirements to amortize these financed purchase obligations outstanding as of June 30, 2022, are as follows:

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2023 | $116,748 | $26,385 |
| 2024 | 125,085 | 21,389 |
| 2025 | 128,589 | 16,147 |
| 2026 | 135,281 | 7,717 |
| 2027 | 60,000 | 4,898 |
| 2028-2029 | 125,000 | 4,029 |
| Total | $690,703 | $80,565 |

## NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

*Metropolitan Educational Technology Association* - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META $39,865 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive

Drive, Marion, Ohio 43302.

*Scioto County Career Technical Center* - The Scioto County Career Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the City and County Boards within Scioto County, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Career Technical Center, Brett Butler, who serves as Treasurer, at 951 Vern Riffe Drive, Lucasville, Ohio 45648.

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid the Coalition $325 for membership during the fiscal year.

## NOTE 14 - PUBLIC ENTITY SHARED RISK POOL AND INSURANCE PURCHASING POOLS

*Optimal Health Initiatives Consortium* - The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charlie Leboeus, Mountyjoy Chilton Medley, LLP, 201 East 5th Street, Suite 2100, Cincinnati, Ohio 45202.

*Schools of Ohio Risk Sharing Authority* - The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 105 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

*Ohio SchoolComp Workers’ Compensation Group Rating Plan* - The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

## NOTE 15 - 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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

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

| | Capital Acquisition |
|---|---|
| Set-aside Balance as of June 30, 2021 | $0 |
| Current Year Set-aside Requirement | 99,668 |
| Current Year Offsets | (93,158) |
| Current Year Qualifying Expenditures | (6,510) |
| Set-aside Balance as of June 30, 2022 | $0 |

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year. The School District is responsible for tracking the amount of bond proceeds that may be used an offset in future periods, which was $11,570,000 at June 30, 2022.

## NOTE 16 - CONTINGENCIES

***Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

***Litigation***

As of June 30, 2022, the School District is not currently party to any legal proceedings.

***Foundation***

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. As of the date of this report, ODE has finalized these adjustments which have been accounted for in the accompanying financial statements.

## NOTE 17 – INTERFUND ACTIVITY

**Interfund Balances**

At June 30, 2022, the School District had the following outstanding interfund balances:

| | Receivables | Payables |
|---|---|---|
| *Major Fund:* | | |
| General | $9,220 | $0 |
| *Nonmajor Fund:* | | |
| Title I | 0 | 9,220 |
| Total Nonmajor Fund | 0 | 9,220 |
| Total | $9,220 | $9,220 |

The general fund advanced funds to the Title I special revenue fund in anticipation of grant revenues. These funds are expected to be repaid in the subsequent fiscal year.

## NOTE 18 – FUND BALANCES

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

| Fund Balances | General | Building Project | Classroom Facilities | ESSER | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| **Nonspendable** | | | | | | |
| Prepaid Items | $7,233 | $0 | $0 | $0 | $49,498 | $56,731 |
| **Restricted for** | | | | | | |
| Other Purposes | 0 | 0 | 0 | 0 | 77,988 | 77,988 |
| Classroom Maintenance | 0 | 0 | 0 | 0 | 170,023 | 170,023 |
| Debt Services Payments | 0 | 0 | 0 | 0 | 601,043 | 601,043 |
| Capital Improvements | 0 | 1,806,504 | 7,892,608 | 0 | 202,774 | 9,901,886 |
| Total Restricted | 0 | 1,806,504 | 7,892,608 | 0 | 1,051,828 | 10,750,940 |
| **Committed to** | | | | | | |
| Termination Benefits | 66,399 | 0 | 0 | 0 | 0 | 66,399 |
| **Assigned to** | | | | | | |
| Other Purposes | 96,667 | 0 | 0 | 0 | 0 | 96,667 |
| **Unassigned (Deficit)** | 2,998,895 | 0 | 0 | (154,800) | (36,016) | 2,808,079 |
| Total Fund Balances | $3,169,194 | $1,806,504 | $7,892,608 | ($154,800) | $1,065,310 | $13,778,816 |

## NOTE 19 – NEW ACCOUNTING PRONOUNCEMENT

For fiscal year 2022, the School District implemented GASB Statement No. 87, "Leases". GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School District's fiscal year 2022 financial statements; however, there was no effect on beginning net position/fund balance.

## NOTE 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

During fiscal year 2022, the School District reported ESSER funding in the amounts of $2,085,078. Of the amounts received, none was sub-granted to other governments and organizations, returned to the granting agency, or spent on-behalf of other governments. The School District did not receive significant donated personal protective equipment as an on-behalf of grant from another government.

## Note 21 – SIGNIFICANT COMMITMENTS

### Encumbrances

At June 30, 2022, the School District had significant encumbrance commitments in governmental funds as follows:

| | |
|---|---|
| *Major Funds* | |
| General | $114,407 |
| Building Project | 1,055,538 |
| | |
| *Nonmajor Fund* | |
| Food Service | 10,000 |

### Contractual Commitments

At June 30, 2022, the School District had the following significant outstanding contractual commitments:

| Contractor/Contract | Contract Amount | Amount Paid as of 6/30/22 | Contract Remaining |
|---|---|---|---|
| WAI – Baseball/Softball Fields | $518,000 | $435,970 | $82,030 |
| Geiger Brothers – School Building | 25,550,839 | 5,246,268 | 20,304,571 |
| Field Turf – Football Field | 1,759,901 | 710,463 | 1,049,438 |
| Geiger Brothers – Stadium/Track | 697,041 | 597,418 | 99,623 |
| SHP – Design/Construction Phase LFI | 596,417 | 394,432 | 201,985 |
| Motz – Various Cx Services and Related | 104,554 | 9,333 | 95,221 |

## Note 22 – MISCELLANEOUS REVENUES

During fiscal year 2022, the School District's ESSER Fund reimbursed the Building Fund $226,405 for project costs paid in the prior year.

## Note 23 – ACCOUNTABILITY

The following funds had deficit fund balances as of June 30, 2022:

| | |
|---|---|
| *Major Funds* | |
| ESSER | $154,800 |
| | |
| *Nonmajor Funds:* | |
| Public School Preschool | 7,037 |
| Title VI-B | 852 |
| Title I | 28,127 |

These deficits resulted from payables recorded in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

## Note 24 – SUBSEQUENT EVENT

On February 14, 2023, the School District Board of Education authorized the issuance of debt in an amount of not to exceed $2,100,000 for the purpose of constructing school facilities and renovating, improving and constructing additions to school facilities under the Classroom Facilities Assistance Program of the Ohio Facilities Construction Commission; furnishing and equipping the same; improving the sites thereof; and acquiring land and interests in land as necessary in connection therewith.

**Green Local School District**
*Required Supplementary Information*
*Schedule of the School District's Proportionate Share of the Net Pension Liability*
*Last Nine Fiscal Years*

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|
| *State Teachers Retirement System* | | | | | | | | | |
| School District's proportion of the net pension liability | 0.02401380% | 0.02401380% | 0.02178349% | 0.02125800% | 0.02091039% | 0.02086626% | 0.02233483% | 0.02187494% | 0.022643638% |
| School District's proportionate share of the net pension liability | $6,957,746 | $5,840,987 | $6,020,319 | $7,115,693 | $4,967,308 | $4,588,022 | $4,939,213 | $5,292,957 | $2,895,193 |
| School District's covered-employee payroll | $2,601,546 | $2,453,623 | $2,272,743 | $2,236,750 | $2,298,843 | $2,372,143 | $2,622,193 | $2,757,686 | $2,711,286 |
| School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 267.4% | 238.1% | 264.9% | 318.1% | 216.1% | 193.4% | 188.4% | 191.9% | 106.8% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.3% | 74.7% | 72.1% | 66.8% | 75.3% | 77.3% | 77.4% | 75.5% | 87.8% |
| *School Employees Retirement System* | | | | | | | | | |
| School District's proportion of the net pension liability | 0.0249980% | 0.0249980% | 0.0265039% | 0.0243933% | 0.0255679% | 0.0250841% | 0.0269248% | 0.0281178% | 0.02811660% |
| School District's proportionate share of the net pension liability | $1,486,551 | $1,265,135 | $1,512,338 | $1,785,364 | $1,527,626 | $1,436,613 | $1,610,958 | $1,859,771 | $1,037,421 |
| School District's covered-employee payroll | $865,434 | $726,400 | $797,883 | $757,564 | $824,586 | $839,919 | $923,681 | $1,115,657 | $1,149,257 |
| School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 171.8% | 174.2% | 189.5% | 235.7% | 185.3% | 171.0% | 174.4% | 166.7% | 90.3% |
| Plan fiduciary net position as a percentage of the total pension liability | 65.5% | 71.7% | 69.2% | 63.0% | 69.5% | 71.4% | 70.9% | 68.6% | 82.9% |

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See accompanying notes to the required supplementary information.

**Green Local School District**

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*

*Last Six Fiscal Years*

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|
| *State Teachers Retirement System* | | | | | | |
| School District's proportion of the net OPEB liability (asset) | 0.02125800% | 0.02091039% | 0.02086626% | 0.02233483% | 0.02187494% | 0.022643638% |
| School District's proportionate share of the net OPEB liability (asset) | $1,136,883 | $815,846 | ($335,300) | ($369,918) | ($384,452) | ($477,423) |
| School District's covered-employee payroll | $2,236,750 | $2,298,843 | $2,372,143 | $2,622,193 | $2,757,686 | $2,711,286 |
| School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 50.8% | 35.5% | -14.1% | -14.1% | -13.9% | -17.6% |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | 37.3% | 47.1% | 176.0% | 174.7% | 182.1% | 174.7% |
| *School Employees Retirement System* | | | | | | |
| School District's proportion of the net OPEB liability | 0.02476550% | 0.02593680% | 0.02565120% | 0.02770380% | 0.02885960% | 0.02912520% |
| School District's proportionate share of the net OPEB liability | $705,908 | $696,076 | $711,634 | $696,692 | $627,214 | $551,218 |
| School District's covered-employee payroll | $757,564 | $824,586 | $839,919 | $923,681 | $1,115,657 | $1,149,257 |
| School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 93.2% | 84.4% | 84.7% | 75.4% | 56.2% | 48.0% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 11.5% | 12.5% | 13.6% | 15.6% | 18.2% | 24.1% |

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See accompanying notes to the required supplementary information.

**Green Local School District**
*Required Supplementary Information*
*Schedule of School District Contributions*
*Last Ten Fiscal Years*

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| *State Teachers Retirement System* | | | | | | | | | | |
| Contractually required contribution - pension | $338,201 | $318,971 | $318,184 | $313,145 | $321,838 | $332,100 | $367,107 | $386,076 | $379,580 | $376,911 |
| Contractually required contribution - OPEB | 25,678 | 24,728 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractually required contribution - total | 363,879 | 343,699 | 318,184 | 313,145 | 321,838 | 332,100 | 367,107 | 386,076 | 379,580 | 376,911 |
| Contributions in relation to the contractually required contribution | 363,879 | 343,699 | 318,184 | 313,145 | 321,838 | 332,100 | 367,107 | 386,076 | 379,580 | 376,911 |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| School District's covered-employee payroll | $2,601,546 | $2,453,623 | $2,272,743 | $2,236,750 | $2,298,843 | $2,372,143 | $2,622,193 | $2,757,686 | $2,711,286 | $2,692,221 |
| Contributions as a percentage of covered-employee payroll - pension | 13.00% | 13.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| Contributions as a percentage of covered-employee payroll - OPEB | 1.00% | 1.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Contributions as a percentage of covered-employee payroll - total | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| *School Employees Retirement System* | | | | | | | | | | |
| Contractually required contribution - pension | $119,776 | $100,679 | $105,161 | $106,059 | $115,442 | $113,389 | $124,697 | $156,192 | $160,896 | $131,231 |
| Contractually required contribution - OPEB (1) (2) | 0 | 0 | 0 | 0 | 0 | 4,198 | 4,617 | 0 | 0 | 0 |
| Contractually required contribution - total | 119,776 | 100,679 | 105,161 | 106,059 | 115,442 | 117,587 | 129,314 | 156,192 | 160,896 | 131,231 |
| Contributions in relation to the contractually required contribution | 119,776 | 100,679 | 105,161 | 106,059 | 115,442 | 117,587 | 129,314 | 156,192 | 160,896 | 131,231 |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| School District's covered-employee payroll | $865,434 | $726,400 | $797,883 | $757,564 | $824,586 | $839,919 | $923,681 | $1,115,657 | $1,149,257 | $937,364 |
| Contributions as a percentage of covered-employee payroll - pension | 13.84% | 13.86% | 13.18% | 14.00% | 14.00% | 13.50% | 13.50% | 14.00% | 14.00% | 14.00% |
| Contributions as a percentage of covered-employee payroll - OPEB | 0.16% | 0.14% | 0.82% | 0.00% | 0.00% | 0.50% | 0.50% | 0.00% | 0.00% | 0.00% |
| Contributions as a percentage of covered-employee payroll - total | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |

(1) Excludes surcharge.
(2) Information prior to 2016 is not available.
See accompanying notes to the required supplementary information.

## State Teachers Retirement System

### Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2022.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

### OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

<u>Changes in assumptions</u>

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
    - Medical Medicare – 5 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – 8 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 8 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
    - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

## School Employees Retirement System

### Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
    - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
    - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
    - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

**OPEB**

<u>Changes in benefit terms</u>

There were no changes to benefit terms for fiscal years 2017 through 2022.

<u>Changes in assumptions</u>

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:

  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
  - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates,set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:

  - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
  - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:

  - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.

- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
  - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
  - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
  - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

**Green Local School District**
*Schedule of Federal Awards Expenditures*
*For the Fiscal Year Ended June 30, 2022*

| Federal Grantor/Pass Through Grantor/Program Title | Pass Through Entity Number | Federal Assistance Listing Number | Provided Through to Subrecipients | Federal Awards Expenditures |
|---|---|---|---|---|
| **United States Department of Agriculture** | | | | |
| *Passed through the Ohio Department of Education* | | | | |
| Child Nutrition Cluster: | | | | |
| School Breakfast Program | 3L70 | 10.553 | $0 | $125,879 |
| COVID-19 National School Lunch Program | 3L60 | 10.555 | 0 | 36,085 |
| National School Lunch Program | 3L60 | 10.555 | 0 | 224,525 |
| National School Lunch Program - Non-Cash Assistance | N/A | 10.555 | 0 | 17,673 |
| Total Child Nutrition Cluster | | | 0 | 404,162 |
| COVID-19 Pandemic EBT Administrative Costs | 3HF0 | 10.649 | 0 | 614 |
| **Total United States Department of Agriculture** | | | **0** | **404,776** |
| **United States Department of Education** | | | | |
| *Passed through the Ohio Department of Education* | | | | |
| Special Education Cluster (IDEA): | | | | |
| Special Education - Grants to States | 3M20 | 84.027A | 0 | 135,667 |
| COVID-19 Special Education - Grants to States | 3IA0 | 84.027X | 0 | 31,001 |
| COVID-19 Special Education-Preschool Grants | 3IA0 | 84.173X | 0 | 2,297 |
| Special Education-Preschool Grants | 3IA0 | 84.173A | 1,601 | 1,601 |
| Total Special Education Cluster (IDEA) | | | 1,601 | 170,566 |
| Title I Grants to Local Educational Agencies | 3M00 | 84.010A | 0 | 299,660 |
| Title I Grants to Local Educational Agencies-School Improvement | 3M00 | 84.010A | 0 | 26,571 |
| Total Title I Grants to Local Educational Agencies | | | 0 | 326,231 |
| Rural Education | 3Y80 | 84.358B | 0 | 34,004 |
| School Improvement Grant (SIG) | 3AN0 | 84.377A | 0 | 3,300 |
| COVID-19 Education Stabilization Fund | 3HS0 | 84.425D | 0 | 949,432 |
| COVID-19 Education Stabilization Fund | 3HS0 | 84.425U | 0 | 1,159,551 |
| COVID-19 Education Stabilization Fund | 3HZ0 | 84.425W | 0 | 7,147 |
| Total COVID-19 Education Stabilization Fund | | | 0 | 2,116,130 |
| Supporting Effective Instruction State Grants | 3Y60 | 84.367A | 0 | 31,236 |
| Student Support and Academic Enrichment Program | 3HI0 | 84.424A | 0 | 21,977 |
| **Total United States Department of Education** | | | **1,601** | **2,703,444** |
| **Total Federal Financial Assistance** | | | **$1,601** | **$3,108,220** |

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**Note 1 – Basis of Presentation**

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the School District's federal award programs. The information in this schedule is presented 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4 – Child Nutrition Cluster**

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

**Note 5 – Food Donation Program**

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

**Note 6 – Subrecipients**

The School District passes certain federal awards received from the Ohio Department of Education (ODE) to another government (subrecipient). As note 2 describes, the School District reports expenditures of federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by law, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**Note 7 – Transfers Between Program Years**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2022 to 2023 programs:

| Program Title | AL Number | Amount |
|---|---|---|
| Special Education-Grants to States | 84.027A | $6,087 |

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Education
Green Local School District
4070 Gallia Pike
Franklin Furnace, Ohio 45629

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Scioto County, Ohio (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 28, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 28, 2023

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of Education
Green Local School District
4070 Gallia Pike
Franklin Furnace, Ohio 45629

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

***Qualified Opinion***

We have audited the compliance of Green Local School District, Scioto County, Ohio (the School District) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2022. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Qualified Opinion on the Education Stabilization Fund*

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2022.

***Basis for Qualified Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Millhuff-Stang, CPA, Inc.
8841 Ohio River Road / Wheelersburg, Ohio 45694 / Phone: 740.876.8548
45 West Second Street, Suite D / Chillicothe, Ohio 45601 / Phone: 740.851.4978
Fax: 888.876.8549
natalie@millhuffstangcpa.com / roush@millhuffstangcpa.com
www.millhuffstangcpa.com

*Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund*

As described in the accompanying schedule of findings and questioned costs, the School District did not comply with requirements regarding Assistance Listing No. 84.425 Education Stabilization Fund as described in finding number 2022-001 for Special Tests and Provisions – Wage Rate Requirements.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 28, 2023

## Section I – Summary of Auditor's Results

| | |
|---|---|
| *Financial Statements* | |
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified? | None reported |
| Noncompliance material to financial statements noted? | No |
| | |
| *Federal Awards* | |
| Internal control over major program(s): | |
| Material weakness(es) identified? | Yes |
| Significant deficiency(ies) identified? | None reported |
| Type of auditor's report issued on compliance for major programs: | Qualified |
| Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| Identification of major program(s): | COVID-19 Education Stabilization Fund, AL #84.425D, #84.425U, #84.425W |
| Dollar threshold used to distinguish between type A and type B programs: | Type A: >$750,000<br>Type B: all others |
| Auditee qualified as low-risk auditee? | No |

## Section II – Financial Statement Findings

**None**

## Section III – Federal Award Findings and Questioned Costs

| | | | |
|---|---|---|---|
| **ALN Title and Number** | COVID-19 Education Stabilization Fund, AL #84.425D, #84.425U, #84.425W | | |
| **Federal Award Number and Year** | 2022 | | |
| **Federal Agency** | United States Department of Education | | |
| **Pass-Through Entity** | Ohio Department of Education | | |
| **Repeat Finding from Prior Audit?** | No | **Finding Number (if repeat)** | N/A |

**Finding 2022-001 – Noncompliance/Material Weakness – Special Tests and Provisions – Wage Rate Requirements**

2 CFR Section 3474 gives regulatory effect to the Department of Education for Appendix II to 2 CFR Section 200 which states that, in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable:

**Finding 2022-001 – Noncompliance/Material Weakness – Special Tests and Provisions – Wage Rate Requirements (Continued)**

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

29 CFR Section 5.5(a)(3)(ii)(A) states, in part, that a contract in excess of $2,000 which is entered into for the actual construction, alteration and/or repair of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution shall require a clause that the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the appropriate agency if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the agency.

29 CFR Section 5.6 further states, in part, agencies which do not directly enter into such contracts shall promulgate the necessary regulations or procedures to require the recipient of the Federal assistance to insert in its contracts the provisions of Section 5.5. No payment, advance, grant, loan, or guarantee of funds shall be approved by the Federal agency unless the agency insures that the clauses required by Section 5.5 and the appropriate wage determination of the Secretary of Labor are contained in such contracts.

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of federal information provided for federal reimbursement. During 2022, the School District entered into a contract agreement with Dant Clayton for a bleacher project. Funding in the amount of $627,795 was used for the project. During testing, we noted that a contract could not be provided and therefore we could not determine whether the required prevailing wage rate clause was included. Further, the School District could not provide evidence that it was receiving and reviewing certified payrolls. Lastly, during inquiries between management and the contractor, it was determined that Dant Clayton was not paying employees prevailing wages as required by wage rate standards.

Without proper controls over wage rate requirements, there is an increased risk that the School District and its contractors and subcontractors are not in compliance with applicable federal regulations. Additionally, noncompliance could result in federal funding being reduced or taken away, or other sanctions imposed by the federal grantor agency.

**Finding 2022-001 – Noncompliance/Material Weakness – Special Tests and Provisions – Wage Rate Requirements (Continued)**

The School District should establish (or perform existing) controls to include the required clauses of 29 CFR 5.5, particularly those concerning prevailing wage rate and the requirement that the contract shall contain required prevailing wage clauses and the contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to (or for transmission to, where applicable) the School District, in its construction contracts (and subcontracts) greater than $2,000 that are covered by the wage rate requirements and take steps to ensure contractors (and subcontractors, if applicable) are in compliance with all labor standards by collecting the required certified payroll documentation in a timely manner. The School District should obtain the necessary information from the contractor to document compliance with the program requirements and report all suspected or reported violations to the Federal awarding agency.

*Client Response*:
See accompanying corrective action plan.

Jodi Armstrong
Superintendent
740-354-9221x 4501
jarmstrong@greenbobcats.org

**Board of Education**
**4070 Gallia Pike**
**Franklin Furnace, OH 45629**
**740-354-9221**

Brodie Merrill
Treasurer
740-354-9221 x 4503
bmerrill@greenbobcats.org

*Corrective Action Plan*
*For the Year Ended June 30, 2022*

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|---|---|---|---|
| 2022-001 | The District is working with Dant Clayton to calculate the difference between the amount paid under the contract and the applicable Davis Bacon prevailing wage rates. The difference will be captured in a change order, which will also incorporate any necessary contract provisions into the agreement with Dant Clayton. This change order will resolve any outstanding issues with the procurement and the use of ESSER funds. | May 30, 2023 | Brodie Merrill, Treasurer |

**This page intentionally left blank.**

OHIO AUDITOR OF STATE
KEITH FABER

**GREEN LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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

**Certified for Release 5/4/2023**

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370