



OHIO AUDITOR OF STATE
KEITH FABER



**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Green Local School District
Wayne County
100 Smithie Drive
P.O. Box 438
Smithville, Ohio 44677

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Schoolwide Pool Special Revenue Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

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

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

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

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Green Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The discussion and analysis of the Green Local School District's, Wayne County, Ohio (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- ❑ In total, net position increased \$1,958,800, which represents a 23 percent increase from 2020 restated net position.
- ❑ During the fiscal year, outstanding debt increased from \$12,550,732 to \$12,631,936.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2021, the general fund, bond retirement fund and schoolwide pool fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the

Green Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

question, "How did we do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question.

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

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, bond retirement fund, and Schoolwide Pool 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 cash basis of accounting. 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the School District's Fiduciary Responsibilities

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

Green Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2021 compared to 2020.

(Table 1)
Net Position – Cash Basis

| | Governmental Activities | | |
|---|-------------------------|---------------------|---------------------|
| | 2021 | Restated 2020 | Change |
| Assets | | | |
| Equity in Pooled Cash and Investments | \$ 7,355,528 | \$ 5,876,688 | \$ 1,478,840 |
| Cash and Investments with Fiscal Agents | 3,269,978 | 2,790,018 | 479,960 |
| <i>Total Assets</i> | <u>\$ 10,625,506</u> | <u>\$ 8,666,706</u> | <u>\$ 1,958,800</u> |
| Net Position | | | |
| Restricted for: | | | |
| Capital Outlay | \$ 602,318 | \$ 910,440 | \$ (308,122) |
| Debt Service | 3,905,245 | 3,171,399 | 733,846 |
| Other Purposes | 1,425,852 | 1,097,205 | 328,647 |
| Unrestricted | 4,692,091 | 3,487,662 | 1,204,429 |
| <i>Total Net Position</i> | <u>\$ 10,625,506</u> | <u>\$ 8,666,706</u> | <u>\$ 1,958,800</u> |

Equity in pooled cash and investments increased in fiscal year 2021. This is the result of refunds from the Bureau of Worker's Compensation, interest subsidies from the Internal Revenue Service, and new grants related to the COVID-19 pandemic that provided additional funding which helped the School District offset expenses. This can also be attributed to the increase in net position restricted for other purposes. Cash and investments with fiscal agents increased in the fiscal year primarily due to a \$395,000 payment into the bond sinking fund and interest earned. This is also attributable to the increase in net position restricted for debt service.

A portion of the School District's net position, \$5,933,415, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position may be used to meet the School District's ongoing obligations.

Green Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Table 2 shows the changes in net position for fiscal year 2021 as compared to fiscal year 2020.

(Table 2)
Changes in Net Position – Cash Basis

| | Governmental Activities | | |
|--|-------------------------|---------------------|---------------------|
| | 2021 | 2020 | Change |
| Receipts | | | |
| Program Receipts | | | |
| Charges for Services and Sales | \$ 1,880,314 | \$ 1,963,450 | \$ (83,136) |
| Operating Grants, Contributions and Interest | 2,037,579 | 1,403,478 | 634,101 |
| Capital Grants and Contributions | 19,550 | 166,242 | (146,692) |
| <i>Total Program Receipts</i> | <u>3,937,443</u> | <u>3,533,170</u> | <u>404,273</u> |
| General Receipts | | | |
| Property Taxes | 5,276,155 | 5,073,877 | 202,278 |
| Income Taxes | 726,366 | 561,681 | 164,685 |
| Grants and Entitlements not Restricted to | | | |
| Specific Programs | 5,763,700 | 5,549,481 | 214,219 |
| Proceeds from Sale of Assets | 10,000 | - | 10,000 |
| Refunding Bonds Issued | 6,517,475 | - | 6,517,475 |
| Premium on Refunding Bonds Issued | 652,975 | - | 652,975 |
| Investment Earnings | 101,293 | 166,113 | (64,820) |
| Miscellaneous | 180,499 | 248,721 | (68,222) |
| <i>Total General Receipts</i> | <u>19,228,463</u> | <u>11,599,873</u> | <u>7,628,590</u> |
| <i>Total Receipts</i> | <u>23,165,906</u> | <u>15,133,043</u> | <u>8,032,863</u> |
| Program Disbursements | | | |
| Instruction: | | | |
| Regular | 6,331,410 | 6,425,413 | (94,003) |
| Special | 1,544,412 | 1,479,985 | 64,427 |
| Vocational | 174,558 | 165,567 | 8,991 |
| Student Intervention Services | 4,650 | 24,409 | (19,759) |
| Other | 291,279 | 316,021 | (24,742) |
| Support Services: | | | |
| Pupils | 466,339 | 479,574 | (13,235) |
| Instructional Staff | 255,396 | 278,756 | (23,360) |
| Board of Education | 50,083 | 40,466 | 9,617 |
| Administration | 1,130,630 | 1,104,434 | 26,196 |
| Fiscal | 331,789 | 311,976 | 19,813 |
| Operation and Maintenance of Plant | 882,668 | 815,130 | 67,538 |
| Pupil Transportation | 701,191 | 765,584 | (64,393) |
| Central | 14,438 | 28,458 | (14,020) |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 363,214 | 306,387 | 56,827 |
| Extracurricular Activities | 527,968 | 476,626 | 51,342 |
| Capital Outlay | 434,077 | 75,879 | 358,198 |
| Debt Service: | | | |
| Principal Retirement | 25,000 | 25,000 | - |
| Interest and Fiscal Charges | 654,275 | 542,060 | 112,215 |
| Payment to Refunded Bond Escrow Agent | 7,023,729 | - | 7,023,729 |
| <i>Total Program Disbursements</i> | <u>21,207,106</u> | <u>13,661,725</u> | <u>7,545,381</u> |
| <i>Change in Net Position</i> | 1,958,800 | 1,471,318 | 487,482 |
| <i>Net Position Beginning of Year</i> | 8,666,706 | 7,078,266 | 1,588,440 |
| <i>Restatement, See Note 2.</i> | - | 117,122 | (117,122) |
| <i>Net Position End of Year</i> | <u>\$ 10,625,506</u> | <u>\$ 8,666,706</u> | <u>\$ 1,958,800</u> |

The comparative column was not restated for the implementation of GASB 84

Green Local School District
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For the Fiscal Year Ended June 30, 2021

Operating grants, contributions, and interest increased due to the additional grants due to the COVID-19 pandemic, as previously discussed. Changes in general receipts can be attributed to the 2014 Classroom Facilities & School Improvement Bonds being refunded. Capital outlay increased due to work on the athletic track and greenhouse projects during the fiscal year.

Governmental Activities

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

(Table 3)
Governmental Activities – Cash Basis

| | Total Costs of Services | | Net Costs of Services | |
|--|-------------------------|----------------------|-----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>Program Disbursements</i> | | | | |
| Instruction: | | | | |
| Regular | \$ 6,331,410 | \$ 6,425,413 | \$ 4,402,131 | \$ 4,615,512 |
| Special | 1,544,412 | 1,479,985 | 853,374 | 834,440 |
| Vocational | 174,558 | 165,567 | 151,012 | 146,532 |
| Student Intervention Services | 4,650 | 24,409 | 4,650 | 24,409 |
| Other | 291,279 | 316,021 | 290,465 | 316,021 |
| Support Services: | | | | |
| Pupils | 466,339 | 479,574 | 262,985 | 392,548 |
| Instructional Staff | 255,396 | 278,756 | 238,228 | 105,943 |
| Board of Education | 50,083 | 40,466 | 47,083 | 40,466 |
| Administration | 1,130,630 | 1,104,434 | 1,121,794 | 1,103,580 |
| Fiscal | 331,789 | 311,976 | 331,590 | 309,282 |
| Operation and Maintenance of Plant | 882,668 | 815,130 | 865,451 | 802,346 |
| Pupil Transportation | 701,191 | 765,584 | 632,206 | 620,315 |
| Central | 14,438 | 28,458 | 14,438 | 28,458 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 363,214 | 306,387 | (17,395) | (4,354) |
| Extracurricular Activities | 527,968 | 476,626 | 337,071 | 314,521 |
| Capital Outlay | 434,077 | 75,879 | 418,348 | 39,628 |
| Debt Service: | | | | |
| Principal Retirement | 25,000 | 25,000 | 25,000 | 25,000 |
| Interest and Fiscal Charges | 654,275 | 542,060 | 267,503 | 413,908 |
| Payment to Refunded Bond Escrow Agent | 7,023,729 | - | 7,023,729 | - |
| Total | \$ 21,207,106 | \$ 13,661,725 | \$ 17,269,663 | \$ 10,128,555 |

The comparative column was not restated for the implementation of GASB 84

The dependence upon tax receipts and general receipt entitlements from the state for governmental activities is apparent. Program receipts only account for 18.5 percent of all governmental disbursements. The community is the largest area of support for the School District students.

Green Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$10,625,506, which is higher than the prior year restated balance of \$8,666,706.

The general fund had an increase in fund balance of \$1,203,597 in fiscal year 2021 as a result primarily of an increase in property taxes and interest and increased COVID-19 funding offset by an increase in overall expenses as students returned to in-class learning.

The bond retirement fund had an increase in fund balance of \$733,846, in fiscal year 2021 due to the timing of tax collections versus debt payments and refunds from the Internal Revenue Service. Additionally, the School District received three interest subsidy receipts due to timing of disbursements from the IRS. The fund balance is expected to continue to increase as the School District accumulates funds for the OFCC school improvement bonds that mature in 2026.

The Schoolwide Pool fund is reported as a major fund for fiscal year 2021. The fund is funded by Title I, IDEA grants, and the General Fund. The revenues are to match the expenses for the year, as required by the Ohio Department of Education, leaving the fund balance at zero.

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.

Original Budget Compared to Final Budget During the course of fiscal year 2021, the School District amended its general fund budget for estimated receipts and other financing sources.

Final Budget Compared to Actual Results For fiscal year 2021, there were significant differences between final budgeted receipts and other financing sources and actual receipts and other financing sources. There were no significant differences in final budgeted disbursements and other uses and actual disbursements and other uses.

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Green Local School District
Wayne County, Ohio
(Unaudited)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2021 and 2020.

(Table 4)
Outstanding Debt, at June 30

| | Governmental Activities | |
|--|-------------------------|----------------------|
| | 2021 | 2020 |
| OFCC School Improvement Bonds, Series 2010 issue | | |
| Qualified School Construction Bonds | \$ 5,560,000 | \$ 5,560,000 |
| 2014 Classroom Facilities & School Improvement Bonds | 465,931 | 6,990,732 |
| 2020 Classroom Facilities & School Improvement Bonds | 6,606,005 | - |
| <i>Total</i> | <u>\$ 12,631,936</u> | <u>\$ 12,550,732</u> |

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

Current Issues

Through the implementation of a strategic planning initiative, Green Local Schools' administration, teaching and non-teaching staff, parents, students and community partners have established a mission statement and goals. The School District's mission reflects the partnership with families and community to prepare students for lifelong personal development.

The School District is utilizing the goals and related action plan steps to continue the process of being at the forefront of education in Wayne County. The School District recently updated its website which allows for better continuity of each building's presence on the web, posting of information for the community and gaining stakeholder feedback. Parents are encouraged to view their students' progress and grades through online access of ProgressBook. Lunch and workbook fees can now be paid by parents over the Internet using EZpay. Central office records are being stored electronically through the use of scanners and records imaging software.

The Ohio Department of Education provided for Student Wellness and Success funds which are accounted for in special revenue fund 467. The School District received \$383,890 in fiscal year 2021 and will receive \$384,198 in fiscal year 2022 to be used for mental health, family engagement, mentoring, and after-school programs. However, the Fair School Funding act was passed by the Ohio Senate and House of Representatives in June of 2021. This new funding model will change how public schools are funded and will now account for the Student Wellness and Success funds in the general fund rather than the special revenue fund 467. This will create big changes for the upcoming 5 year forecast. In addition to rolling the Student Wellness funds into the general fund, the state will also begin distributing net open enrollment funds to schools instead of itemizing the positive and negative enrollment dollars. This will also cause changes to the 5 year forecast. Final, accurate numbers won't be available until changes to the Statement of Settlement provided by ODE are updated. ODE projects that those changes will be available on the first statement of settlement in October of 2021.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

During fiscal year 2021, the School District received federal Elementary and Secondary School Emergency Relief Funds I (ESSER) to assist with implications associated with the COVID-19 pandemic in the amount of \$13,759. These funds are accounted for in special revenue fund 507. The School District was also allocated ARP ESSER and ESSER II funds as part of the American Recovery Plan in the amount of \$1,150,537 and \$511,929, respectively.

In November 2009, the School District voters supported the renewal of an Emergency Levy in the amount of \$500,000 for seven years. The voters of the community approved a renewal of this levy in November 2016. A second emergency levy in the amount of \$850,000 was renewed at the November 2, 2010 election for a term of ten years. This levy expires December 31, 2020, with collections through December 31, 2021. The voters of Green Local School District passed this renewal by a margin of 55 percent.

On May 4, 2010, the School District voters passed a 4.75 mill bond issue by a margin of 54 percent. This enabled the School District to go forth with the Ohio Facilities Construction Project which provided a new K – 12 school building for the School District. The construction of a K – 12 building was completed and the new building opened for the 2014-2015 school year.

An earned income operating levy of 0.5 percent was approved by voters of the School District in November 2018. This levy generates \$702,221 annually which began January 1, 2019.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Erin VanMeter, Treasurer of Green Local School District, Post Office Box 438, Smithville, Ohio 44677.

Green Local School District
Wayne County, Ohio
Statement of Net Position - Cash Basis
June 30, 2021

| | Governmental Activities |
|---|----------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$ 7,355,528 |
| Cash and Investments with Fiscal Agents | 3,269,978 |
| <i>Total Assets</i> | \$ 10,625,506 |
| Net Position | |
| Restricted for: | |
| Capital Outlay | \$ 602,318 |
| Debt Service | 3,905,245 |
| Other Purposes | 1,425,852 |
| Unrestricted | 4,692,091 |
| <i>Total Net Position</i> | \$ 10,625,506 |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2021

| | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position |
|--|-----------------------|--------------------------------------|---|--|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| Instruction: | | | | | |
| Regular | \$ 6,331,410 | \$ 1,651,395 | \$ 277,884 | \$ - | \$ (4,402,131) |
| Special | 1,544,412 | 18,257 | 672,781 | - | (853,374) |
| Vocational | 174,558 | - | 23,546 | - | (151,012) |
| Student Intervention Services | 4,650 | - | - | - | (4,650) |
| Other | 291,279 | - | 814 | - | (290,465) |
| Support Services: | | | | | |
| Pupils | 466,339 | - | 203,354 | - | (262,985) |
| Instructional Staff | 255,396 | - | 17,168 | - | (238,228) |
| Board of Education | 50,083 | - | 3,000 | - | (47,083) |
| Administration | 1,130,630 | - | 8,836 | - | (1,121,794) |
| Fiscal | 331,789 | - | - | 199 | (331,590) |
| Operation and Maintenance of Plant | 882,668 | - | 15,577 | 1,640 | (865,451) |
| Pupil Transportation | 701,191 | - | 67,003 | 1,982 | (632,206) |
| Central | 14,438 | - | - | - | (14,438) |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | 363,214 | 32,493 | 348,116 | - | 17,395 |
| Extracurricular Activities | 527,968 | 178,169 | 12,728 | - | (337,071) |
| Capital Outlay | 434,077 | - | - | 15,729 | (418,348) |
| Debt Service: | | | | | |
| Principal Retirement | 25,000 | - | - | - | (25,000) |
| Interest and Fiscal Charges | 654,275 | - | 386,772 | - | (267,503) |
| Payment to Refunded Bond Escrow Agent | 7,023,729 | - | - | - | (7,023,729) |
| Totals | \$ 21,207,106 | \$ 1,880,314 | \$ 2,037,579 | \$ 19,550 | (17,269,663) |

General Receipts

| | |
|--|-----------------------------|
| Property Taxes Levied for: | |
| General Purposes | 4,359,071 |
| Debt Service | 706,518 |
| Capital Outlay | 143,574 |
| Classroom Facilities | 66,992 |
| Income Taxes Levied for: | |
| General Purposes | 726,366 |
| Grants and Entitlements not Restricted to Specific Programs | 5,763,700 |
| Proceeds from Sale of Assets | 10,000 |
| Refunding Bonds Issued | 6,517,475 |
| Premium on Refunding Bonds Issued | 652,975 |
| Investment Earnings | 101,293 |
| Miscellaneous | 180,499 |
| <i>Total General Receipts</i> | <u>19,228,463</u> |
| <i>Change in Net Position</i> | 1,958,800 |
| <i>Net Position Beginning of Year (Restated, See Note 2)</i> | <u>8,666,706</u> |
| <i>Net Position End of Year</i> | <u><u>\$ 10,625,506</u></u> |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2021

| | General Fund | Bond Retirement Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Investments | \$ 4,709,162 | \$ 635,267 | \$ 2,011,099 | \$ 7,355,528 |
| Cash and Investments with Fiscal Agents | - | 3,269,978 | - | 3,269,978 |
| <i>Total Assets</i> | <u>\$ 4,709,162</u> | <u>\$ 3,905,245</u> | <u>\$ 2,011,099</u> | <u>\$ 10,625,506</u> |
| Fund Balances | | | | |
| Nonspendable | \$ 17,071 | \$ - | \$ - | \$ 17,071 |
| Restricted | - | 3,905,245 | 2,011,099 | 5,916,344 |
| Committed | 126,340 | - | - | 126,340 |
| Assigned | 279,558 | - | - | 279,558 |
| Unassigned | 4,286,193 | - | - | 4,286,193 |
| <i>Total Fund Balances</i> | <u>\$ 4,709,162</u> | <u>\$ 3,905,245</u> | <u>\$ 2,011,099</u> | <u>\$ 10,625,506</u> |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2021

| | General Fund | Bond Retirement Fund | Schoolwide Pool Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|----------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Property and Other Local Taxes | \$ 4,359,071 | \$ 706,518 | \$ - | \$ 210,566 | \$ 5,276,155 |
| Income Taxes | 726,366 | - | - | - | 726,366 |
| Intergovernmental | 5,916,952 | 486,683 | 391,960 | 985,551 | 7,781,146 |
| Investment Income | 16,333 | 84,960 | - | - | 101,293 |
| Tuition and Fees | 1,636,594 | - | - | - | 1,636,594 |
| Extracurricular Activities | - | - | - | 178,169 | 178,169 |
| Gifts and Donations | 4,405 | - | - | 35,278 | 39,683 |
| Charges for Services | 22,930 | - | - | 32,493 | 55,423 |
| Rent | 10,128 | - | - | - | 10,128 |
| Miscellaneous | 140,399 | - | - | 40,100 | 180,499 |
| <i>Total Receipts</i> | <u>12,833,178</u> | <u>1,278,161</u> | <u>391,960</u> | <u>1,482,157</u> | <u>15,985,456</u> |
| Disbursements | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 5,363,838 | - | 922,543 | 45,029 | 6,331,410 |
| Special | 669,915 | - | 725,564 | 148,933 | 1,544,412 |
| Vocational | 170,047 | - | - | 4,511 | 174,558 |
| Student Intervention Services | 4,650 | - | - | - | 4,650 |
| Other | 290,466 | - | - | 813 | 291,279 |
| Support Services: | | | | | |
| Pupils | 358,907 | - | 49,036 | 58,396 | 466,339 |
| Instructional Staff | 237,326 | - | 7,261 | 10,809 | 255,396 |
| Board of Education | 46,583 | - | - | 3,500 | 50,083 |
| Administration | 1,091,391 | - | 39,239 | - | 1,130,630 |
| Fiscal | 316,525 | 11,761 | - | 3,503 | 331,789 |
| Operation and Maintenance of Plant | 781,772 | - | - | 100,896 | 882,668 |
| Pupil Transportation | 626,247 | - | - | 74,944 | 701,191 |
| Central | 14,438 | - | - | - | 14,438 |
| Extracurricular Activities | 309,789 | - | - | 218,179 | 527,968 |
| Operation of Non-Instructional Services: | | | | | |
| Food Service Operations | - | - | - | 363,214 | 363,214 |
| Capital Outlay | 774 | - | - | 433,303 | 434,077 |
| Debt Service: | | | | | |
| Principal Retirement | - | 25,000 | - | - | 25,000 |
| Interest and Fiscal Charges | - | 654,275 | - | - | 654,275 |
| <i>Total Disbursements</i> | <u>10,282,668</u> | <u>691,036</u> | <u>1,743,643</u> | <u>1,466,030</u> | <u>14,183,377</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>2,550,510</u> | <u>587,125</u> | <u>(1,351,683)</u> | <u>16,127</u> | <u>1,802,079</u> |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Sale of Assets | 10,000 | - | - | - | 10,000 |
| Refunding Bonds Issued | - | 6,517,475 | - | - | 6,517,475 |
| Premium on Refunding Bonds Issued | - | 652,975 | - | - | 652,975 |
| Payment to Refunded Bond Escrow Agent | - | (7,023,729) | - | - | (7,023,729) |
| Transfers In | - | - | 1,351,683 | 5,230 | 1,356,913 |
| Transfers Out | (1,356,913) | - | - | - | (1,356,913) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(1,346,913)</u> | <u>146,721</u> | <u>1,351,683</u> | <u>5,230</u> | <u>156,721</u> |
| <i>Net Change in Fund Balances</i> | 1,203,597 | 733,846 | - | 21,357 | 1,958,800 |
| <i>Fund Balances Beginning of Year (Restated, See Note 2)</i> | 3,505,565 | 3,171,399 | - | 1,989,742 | 8,666,706 |
| <i>Fund Balances End of Year</i> | <u>\$ 4,709,162</u> | <u>\$ 3,905,245</u> | <u>\$ -</u> | <u>\$ 2,011,099</u> | <u>\$ 10,625,506</u> |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Receipts and Other Financing Sources | \$ 11,231,938 | \$ 10,918,086 | \$ 12,801,231 | \$ 1,883,145 |
| Disbursements and Other Financing Uses | 11,996,889 | 11,996,889 | 11,801,805 | 195,084 |
| <i>Net Change in Fund Balance</i> | (764,951) | (1,078,803) | 999,426 | 2,078,229 |
| <i>Fund Balance Beginning of Year</i> | 3,330,097 | 3,330,097 | 3,330,097 | - |
| Prior Year Encumbrances Appropriated | 86,216 | 86,216 | 86,216 | - |
| <i>Fund Balance End of Year</i> | <u>\$ 2,651,362</u> | <u>\$ 2,337,510</u> | <u>\$ 4,415,739</u> | <u>\$ 2,078,229</u> |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Receipts, Disbursements and Changes
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Schoolwide Pool Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|-----------------------|--------------------|-------------------------------|
| | Original | Final | | |
| Receipts and Other Financing Sources | \$ - | \$ 485,691 | \$ 1,743,643 | \$ 1,257,952 |
| Disbursements and Other Financing Uses | 485,691 | 1,774,820 | 1,774,820 | - |
| <i>Net Change in Fund Balance</i> | (485,691) | (1,289,129) | (31,177) | 1,257,952 |
| <i>Fund Balance Beginning of Year</i> | - | - | - | - |
| <i>Fund Balance End of Year</i> | <u>\$ (485,691)</u> | <u>\$ (1,289,129)</u> | <u>\$ (31,177)</u> | <u>\$ 1,257,952</u> |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
June 30, 2021

| | <u>Custodial</u> |
|---|------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | <u>\$ 2,435</u> |
| Net Position | |
| Restricted for Individuals, Organizations and Other Governments | <u>2,435</u> |
| <i>Total Net Position</i> | <u><u>\$ 2,435</u></u> |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

| | Custodial |
|--|-----------|
| Additions | |
| Extracurricular Amounts Collected for Other Organizations | \$ 1,260 |
| Deductions | |
| Extracurricular Distributions to Other Organizations | 1,260 |
| <i>Change in Net Position</i> | - |
| <i>Net Position Beginning of Year (Restated, See Note 2)</i> | 2,435 |
| <i>Net Position End of Year</i> | \$ 2,435 |

See accompanying notes to the basic financial statements.

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 – Description of the School District

The Green Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies.

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 the School District, this includes general operations, food service and student related activities.

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 for the organization. The School District has no component units.

The School District is involved with the Tri-County Computer Services Association, which is defined as a jointly governed organization. The School District is also involved with the Stark County Schools Council of Governments Health Benefits Program, which is defined as a public entity risk pool. Additional information concerning these organizations is presented in Notes 11 and 12.

Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

Note 2 – Summary of Significant Accounting Policies

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

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

A. Basis of Presentation

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

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 effect of interfund activity within governmental activities columns have been removed from this statement.

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

Equity is classified as net position and displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2021, the School District did not have any net position restricted by enabling legislation.
2. Unrestricted net position – All other net position that does not meet the definition of “restricted”.

The School District’s policy is to first apply restricted resources when cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

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

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. 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.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

B. Fund Accounting

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

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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. The following are the School District's major governmental funds:

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

Bond Retirement Fund The Bond Retirement Fund is used to account for property tax receipts and transfers from the General Fund to pay principal and interest on the School District's general obligation bonds.

Schoolwide Pool Fund The Schoolwide Pool Special Revenue Fund is permitted by Ohio Department of Education to pool Federal, State and local funds to improve the School District's instructional program.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for Ohio High School Athletic Association activity.

C. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. During fiscal year 2021, the School District's investments included money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio).

During the year 2021, the School District invested in STAR Ohio. 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 their 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 the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 presented on the financial statements as “equity in pooled cash and investments”. Investments with an original maturity of more than three months that are not made from the pool are reported as “investments”.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$16,333, which includes \$5,221 assigned from other School District funds.

D. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. The financial statements do not report these assets.

E. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

F. Pensions and OPEB

For purposes of measuring the net pension/OPEB liability (asset), 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 respective retirement plans. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. The retirement plans report investments at fair value.

G. Accrued Liabilities and Long-term Obligations

Under Ohio law, a debt service fund must be created and used for the payment of tax and receipt anticipation notes. Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements.

The School District’s cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when made.

H. Intergovernmental Receipts

Unrestricted intergovernmental revenues received on the basis of entitlements are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Inventory and Prepaid Items

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

J. Interfund Activity

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.
3. The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

L. Budgetary Data

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

The certificate of estimated resources may be amended during the 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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021.

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

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

M. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations.

N. Lapsing of Appropriations

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

O. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2021, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, and certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Restatement of Net Position/Fund Balances

The implementation of GASB 84 had the following effect on net position as reported June 30, 2020:

| | Governmental Activities |
|--------------------------------------|----------------------------|
| Net Position, June 30, 2020 | \$ 8,549,584 |
| GASB Statement No. 84 | 117,122 |
| Restated Net Position, June 30, 2020 | \$ 8,666,706 |

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

| | Other Governmental Funds |
|--------------------------------------|--------------------------------|
| Fund Balance, June 30, 2020 | \$ 1,872,620 |
| GASB Statement No. 84 | 117,122 |
| Restated Fund Balance, June 30, 2020 | \$ 1,989,742 |

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

| | Fiduciary Funds | | |
|--------------------------------------|-----------------------------|-----------|-----------|
| | Private Purpose Trust | Agency | Custodial |
| | Net Position, June 30, 2020 | \$ 31,294 | \$ 88,263 |
| GASB Statement No. 84 | (31,294) | (88,263) | 2,435 |
| Restated Net Position, June 30, 2020 | \$ - | \$ - | \$ 2,435 |

Note 3 – Compliance

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2021, the School District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time.

Note 4 – Deposits and Investments

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless

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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.

Cash on Hand - At June 30, 2021 the School District had \$100 in undeposited cash on hand, which is included as part of “Equity in Pooled Cash and Investments.”

Deposits - At year-end, \$4,662,600 of the School District’s bank balance of \$4,912,600 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk 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 possession of an outside party.

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 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 required 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.

Cash and Investments with Fiscal Agents – The School District is setting aside monies in a Sinking Fund investment account with Huntington Bank that will be used to fund future payments on their long-term obligations described in Note 10. The balance as of June 30, 2021 has been excluded from the investments reported below as it is not part of the School District’s internal investment pool. These amounts are reported on the financial statements as “Cash and Investments with Fiscal Agents.”

Investments – As of June 30, 2021, the School District had the following investments and maturities:

| <u>Rating</u> | <u>Investment</u> | <u>Measurement Amount</u> | <u>Investment Maturities in years (0-1)</u> | <u>Percentage of Total Investment</u> |
|---------------|--------------------------|-------------------------------|---|---|
| | Net Asset Value (NAV): | | | |
| AAAm | STAR Ohio | \$ 2,130,672 | \$ 2,130,672 | 86.6% |
| AAAm | Fifth Third Money Market | 329,646 | 329,646 | 13.4% |
| | Total | <u>\$ 2,460,318</u> | <u>\$ 2,460,318</u> | <u>100%</u> |

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

Credit Risk – The School District’s investment credit ratings are summarized above. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days.

Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. The table above includes the percentage of total of each investment type held by the School District at June 30, 2021.

Note 5 – Property Taxes and Income Taxes

A. Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Wayne 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, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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The assessed values upon which the fiscal year 2021 taxes were collected are:

| | 2020 Second- Half Collections | | 2021 First- Half Collections | |
|--|----------------------------------|-------------|---------------------------------|-------------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$ 150,519,390 | 96% | \$ 170,350,110 | 96% |
| Public Utility Personal Property | 6,124,830 | 4% | 6,472,560 | 4% |
| Total | <u>\$ 156,644,220</u> | <u>100%</u> | <u>\$ 176,822,670</u> | <u>100%</u> |
| Tax rate per \$1,000 of assessed valuation | \$ 58.25 | | \$ 57.55 | |

B. Income Taxes

The School District passed a 0.5 percent income tax levy in November 2020 that is collected on earned income. The Ohio Department of Taxation began collections in January 2021. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the general fund.

Note 6 – 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. The School District has a comprehensive property and casualty policy with Ohio School Plans. The deductible is \$1,000 per incident on property and equipment. School buses are also insured with the Ohio School Plans and have a \$1,000 deductible. All board members, administrators, and employees are covered under a school district liability policy with the Ohio School Plans. The limits of this coverage are \$5,000,000 per occurrence and \$7,000,000 per aggregate. All the board members and the superintendent have a \$20,000 position bond with the Travelers Casualty and Surety Company of America. The Treasurer is covered under a surety bond in the amount of \$40,000. This bond is provided by the Travelers Casualty and Surety Company of America. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

Effective calendar year 2010, the School District enrolled in the Ohio School Comp Group rating program. The program is sponsored by the Ohio School Boards Association member districts and the Ohio Association of School Business Officials members. The program provides, through the third party administrator, CompManagement, administrative, training and safety resources for administering the workers' compensation plan for the School District employees. Premiums are calculated on rate per \$100 of payroll. This rate is calculated based upon accident history and administrative costs.

C. Employee Health Insurance

Beginning July 1, 2020, the School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the

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legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2021, the School District's monthly premiums were \$1,994 for family medical coverage and \$821 for single medical coverage. Dental insurance is also provided by the School District to qualified employees through the Stark County Schools Council for Governments. For fiscal year 2021, the School District's cost was \$240 for family dental coverage and \$97 for single dental coverage per employee per month.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

Note 7 - Defined Benefit Pension Plans

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

Net Pension Liability/Net OPEB Liability (Asset)

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 plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/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 this estimate annually.

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

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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 all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/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 remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The School District's contractually required contribution to SERS was \$232,920 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through 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 actuarially reduced benefits will be phased in until August 1, 2023, 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. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive 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

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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 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 statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$710,592 for fiscal year 2021.

Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

| | SERS | STRS | Total |
|--|---------------------|---------------------|---------------|
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 0.03603290% | 0.04338222% | |
| Prior Measurement Date | 0.03605590% | 0.04473964% | |
| Change in Proportionate Share | <u>-0.00002300%</u> | <u>-0.00135742%</u> | |
| Proportionate Share of the Net Pension Liability | \$ 2,383,292 | \$ 10,496,954 | \$ 12,880,246 |

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,

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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. Future benefits for all current plan members were projected through 2130.

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, 2020, are presented below:

| | |
|--|---|
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Inflation | 3.00 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| COLA or Ad Hoc COLA | 2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement |

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 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, 2015.

The long-term return expectation for the 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. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash | 2.00 % | 1.85 % |
| US Stocks | 22.50 | 5.75 |
| Non-US Stocks | 22.50 | 6.50 |
| Fixed Income | 19.00 | 2.85 |
| Private Equity | 12.00 | 7.60 |
| Real Assets | 17.00 | 6.60 |
| Multi-Asset Strategies | 5.00 | 6.65 |
| Total | 100.00 % | |

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| School District's Proportionate Share of the Net Pension Liability | \$ 3,264,819 | \$ 2,383,292 | \$ 1,643,674 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

| | |
|----------------------------|---|
| Inflation | 2.50 percent |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Projected Salary Increases | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases | 3.00 percent |
| Cost-of-Living Adjustments | 0.00 percent |

Post-retirement mortality rates for healthy retirees 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 Tables, 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

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rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is 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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return*</u> |
|----------------------|--------------------------|---|
| 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 | <u>100.00 %</u> | |

*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 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|------------------------------|--------------------|
| School District's Proportionate Share of the Net Pension Liability | \$ 14,945,834 | \$ 10,496,954 | \$ 6,726,898 |

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Note 8 - Defined Benefit OPEB Plans

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

See Note 7 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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. 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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. 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 the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$22,143.

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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. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. 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, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2020, 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:

| | SERS | STRS |
|---|-------------|--------------|
| Proportion of the Net OPEB Liability (Asset): | | |
| Current Measurement Date | 0.03729600% | 0.04338200% |
| Prior Measurement Date | 0.03681900% | 0.04474000% |
| Change in Proportionate Share | 0.00047700% | -0.00135800% |
| Proportionate Share of the Net | | |
| OPEB Liability (Asset) | \$ 810,564 | \$ (762,438) |

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.

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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, 2020, are presented below:

| | |
|---------------------------------------|---|
| Inflation | 3.00 percent |
| Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| Municipal Bond Index Rate | |
| Measurement Date | 2.45 percent |
| Prior Measurement Date | 3.13 percent |
| Single Equivalent Interest Rate | |
| Measurement Date | 2.63 percent, net of plan investment expense, including price inflation |
| Prior Measurement Date | 3.22 percent, net of plan investment expense, including price inflation |
| Health Care Cost Trend Rate | |
| Pre-Medicare | 7.00 percent - 4.75 percent |
| Medicare | 5.25 percent - 4.75 percent |

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, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 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 time frame. 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.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Cash | 2.00 % | 1.85 % |
| US Stocks | 22.50 | 5.75 |
| Non-US Stocks | 22.50 | 6.50 |
| Fixed Income | 19.00 | 2.85 |
| Private Equity | 12.00 | 7.60 |
| Real Assets | 17.00 | 6.60 |
| Multi-Asset Strategies | 5.00 | 6.65 |
| Total | 100.00 % | |

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 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 future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|------------------------------|--------------------|
| School District's Proportionate Share of the Net OPEB Liability | \$ 992,110 | \$ 810,564 | \$ 666,235 |
| | | <u>Current Trend Rate</u> | |
| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
| School District's Proportionate Share of the Net OPEB Liability | \$ 638,258 | \$ 810,564 | \$ 1,040,982 |

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

| | | |
|------------------------------|---|-----------------|
| Inflation | 2.50 percent | |
| Projected Salary Increases | 12.50 percent at age 20 to 2.50 percent at age 65 | |
| Payroll Increases | 3.00 percent | |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation | |
| Discount Rate of Return | 7.45 percent | |
| Health Care Cost Trend Rates | | |
| Medical | <u>Initial</u> | <u>Ultimate</u> |
| Pre-Medicare | 5.00 percent | 4.00 percent |
| Medicare | -6.69 percent | 4.00 percent |
| Prescription Drug | | |
| Pre-Medicare | 6.50 percent | 4.00 percent |
| Medicare | 11.87 percent | 4.00 percent |

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.

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

Since the prior measurement date, 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.

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:

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| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Rate of Return*</u> |
|----------------------|--------------------------|---|
| 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 | <u>100.00 %</u> | |

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

| | Current | | |
|---|--------------------|----------------------|--------------------|
| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
| School District's Proportionate Share of the Net OPEB Liability (Asset) | \$ (663,371) | \$ (762,438) | \$ (846,493) |
| | Current | | |
| | <u>1% Decrease</u> | <u>Trend Rate</u> | <u>1% Increase</u> |
| School District's Proportionate Share of the Net OPEB Liability (Asset) | \$ (841,275) | \$ (762,438) | \$ (666,402) |

Note 9 – Other Employee Benefits

A. Life Insurance

The School District provides term life insurance to employees through American United Life Insurance Company in the amount of \$35,000 for all eligible employees, the Treasurer has \$176,000 in coverage, and the Superintendent has \$196,000 in coverage. Employees with less than an average 25-hour work week are eligible for \$17,500 term life insurance. Term life insurance is provided at a rate of \$.09/\$1,000/month.

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B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators, who are contracted to work no less than 12 months, earn 10 to 20 days of vacation per year depending upon length of service. Teachers and Administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-quarter days per month cumulated to a limit of 260 days. Upon retirement, certified and classified employees with 10 years or more of service to the School District may receive severance for 25 percent of accrued and unused sick leave.

Note 10 – Long - Term Obligations

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

| Description | Outstanding 6/30/2020 | Additions | Refunding | Reductions | Outstanding 6/30/2021 | Amounts Due in One Year |
|---|--------------------------|-------------------|--------------------|--------------------|--------------------------|-------------------------------|
| Governmental Obligations Bonds | | | | | | |
| <i>OFCC School Improvement Bonds</i> | | | | | | |
| Qualified School Construction Bonds | \$ 5,560,000 | \$ - | \$ - | \$ - | \$ 5,560,000 | \$ - |
| <i>2014 Classroom Facilities & School Improvement</i> | | | | | | |
| <i>Refunding Bonds</i> | | | | | | |
| Current Interest Serial Bonds | 2,475,000 | - | (2,475,000) | - | - | - |
| Current Interest Term Bonds | 4,130,000 | - | (4,055,000) | (25,000) | 50,000 | 25,000 |
| Capital Appreciation Bonds | 249,998 | - | - | - | 249,998 | - |
| Accretion | 135,734 | 30,199 | - | - | 165,933 | - |
| <i>2020 Classroom Facilities & School Improvement</i> | | | | | | |
| <i>Refunding Bonds</i> | | | | | | |
| Current Interest Serial Bonds | - | - | 705,000 | - | 705,000 | - |
| Current Interest Term Bonds | - | - | 5,660,000 | - | 5,660,000 | - |
| Capital Appreciation Bonds | - | - | 152,475 | - | 152,475 | 45,658 |
| Accretion | - | 88,530 | - | - | 88,530 | 57,377 |
| Total Long-Term Obligations | <u>\$ 12,550,732</u> | <u>\$ 118,729</u> | <u>\$ (12,525)</u> | <u>\$ (25,000)</u> | <u>\$ 12,631,936</u> | <u>\$ 128,035</u> |

Governmental Obligation Bonds

OFCC School Improvement Bonds

The OFCC School Improvement Bonds, Series 2010 issue, Qualified School Construction Bonds will be paid from the bond retirement fund and carry an interest rate of 5.11 percent.

In September 2010, the School District issued \$12,949,998 in voted Classroom Facilities and School Improvement bonds for the purpose of financing their Ohio Facilities Construction Project which will build one new K-12 School. The bond issue consists of \$7,070,000 in Build America bonds, \$5,560,000 in Qualified School Construction bonds and \$309,998 in tax-exempt bonds. The School District is setting aside monies toward the Qualified School Construction Bond payment in a sinking fund, described in Note 4 as "Cash and Investments with Fiscal Agents." The tax-exempt bonds were paid in full in fiscal year 2013. The Build America bonds were refunded in fiscal year 2015. The Qualified School Construction Bonds will mature on December 1, 2026.

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2014 Classroom Facilities & School Improvement Bonds

On September 25, 2014, the School District issued \$7,069,998 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of \$2,665,000, \$4,155,000 and \$249,998, respectively. The bonds refunded \$7,070,000 of outstanding Build America bonds. The bonds were issued for a 27 year period with final maturities at December 1, 2041.

At the date of refunding, \$7,124,019, (including premium and other issuance costs) was received to pay off the old debt. As a result, \$7,070,000 of the notes were retired. The bonds were issued with a premium of \$326,096. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$259,984 over the next 27 years and resulted in an economic gain of \$175,224.

The bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 2.00 to 4.00 percent. The term bonds that mature in fiscal years 2022, 2026, 2037 and 2041 were issued with a varying interest rate of 2.25 to 4.00 percent and are subject to a mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in and according to the following schedule:

| <u>2022 Term Bonds</u> | |
|------------------------|---------------|
| <u>Year</u> | <u>Amount</u> |
| 2022 | \$ 25,000 (a) |

(a) Remaining principal balance scheduled to be paid at the stated maturity of the corresponding Term Bonds.

The term bonds maturing after December 1, 2022 are subject to optional redemption, in whole or in part, on any date on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The capital appreciation bonds will mature December 1, 2027 and 2028 with interest rates of 3.60 percent and 3.70 percent, respectively. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is noted. The maturity amount of the bonds is \$700,000.

During fiscal year 2021, the School District fully refunded the serial bonds, and partially refunded the term bonds with the issuance of the 2020 Classroom Facilities & School Improvement Bonds.

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2020 Classroom Facilities & School Improvement Bonds

On November 12, 2020, the School District issued \$6,517,475 in refunded general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$705,000, \$5,660,000 and \$152,475, respectively. The bonds refunded \$6,530,000 of outstanding Build America bonds. The bonds were issued for a 20 year period with final maturities at December 1, 2041. At the end of the refunding \$7,023,730 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bond. As of June 30, 2021, \$6,900,754 of these bonds are considered to be defeased.

At the date of refunding, \$7,170,450, (including premium and other issuance costs) was received to pay off the old debt. As a result, \$6,530,000 of the notes was retired. The bonds were issued with a premium of \$652,975. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$509,838 over the next 20 years and resulted in an economic gain of \$337,442.

The bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 1.4 to 1.9 percent. The term bonds that mature in fiscal years 2033, 2035, and 2041 were issued with a varying interest rate of 2.3 to 3.1 percent and are subject to a mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in and according to the following schedule:

| 2035 Term Bonds | | 2023 Term Bonds | | 2041 Term Bonds | |
|------------------------|-------------|------------------------|-------------|------------------------|-------------|
| Year | Amount | Year | Amount | Year | Amount |
| 2034 | \$ 465,000 | 2031 | \$ 465,000 | 2036 | \$ 505,000 |
| 2035 | 475,000 (a) | 2032 | 475,000 | 2037 | 515,000 |
| | | 2033 | 505,000 (a) | 2038 | 530,000 |
| | | | | 2039 | 560,000 |
| | | | | 2040 | 575,000 |
| | | | | 2041 | 590,000 (a) |

(a) Remaining principal balance scheduled to be paid at the stated maturity of the corresponding Term Bonds.

The term bonds maturing after December 1, 2030 are subject to optional redemption, in whole or in part, on any date on or after December 1, 2030, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The capital appreciation bonds will mature December 1, 2021, 2022, 2023, 2024, 2025 and 2030 with interest rates varying from 0.70 percent and 2.59 percent, respectively. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is noted. The maturity amount of the bonds is \$930,000.

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Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2021 are as follows:

| Fiscal Year Ending June 30, | Qualified School Construction Bonds | General Obligation Bonds | Capital Appreciation Bonds | Interest/ Accretion | Total |
|--------------------------------|--|-----------------------------|-------------------------------|------------------------|---------------|
| 2022 | \$ - | \$ 25,000 | \$ 45,658 | \$ 455,601 | \$ 526,259 |
| 2023 | - | 25,000 | 34,773 | 455,038 | 514,811 |
| 2024 | - | - | 30,413 | 454,757 | 485,170 |
| 2025 | - | - | 20,267 | 454,757 | 475,024 |
| 2026 | 5,560,000 | - | 143,222 | 454,757 | 6,157,979 |
| 2027-2031 | - | 705,000 | 128,140 | 823,011 | 1,656,151 |
| 2032-2036 | - | 2,385,000 | - | 646,003 | 3,031,003 |
| 2037-2041 | - | 2,685,000 | - | 300,940 | 2,985,940 |
| 2042 | - | 590,000 | - | 9,015 | 599,015 |
| Total | \$ 5,560,000 | \$ 6,415,000 | \$ 402,473 | \$ 4,053,879 | \$ 16,431,352 |

Note 11 – Jointly Governed Organizations

A. Tri-County Computer Services Association (TCCSA)

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at TCCSA located at 2125 Eagle Pass, Wooster, OH 44691. During the fiscal year ended June 30, 2021, the School District paid \$84,297 to TCCSA for basic service charges.

Note 12 – Public Entity Risk Pools

A. Risk Sharing Pool

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, OH 44720.

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 – Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2021, if applicable, cannot be determined at this time.

B. Litigation

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

C. Other Commitments

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

| Fund | Amount |
|-----------------------|------------|
| General | \$ 203,956 |
| Nonmajor Governmental | 230,557 |
| | \$ 434,513 |

D. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized.

Note 14 – Set-Asides

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

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

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

| | Capital Acquisition |
|---|--------------------------------|
| Set-Aside Reserve Balance June 30, 2020 | \$ - |
| Current Year Set Aside Requirement | 196,959 |
| Current Year Qualifying Offsets | <u>(239,935)</u> |
| Total | <u>\$ (42,976)</u> |
| Balance carried forward to FY 2022 | <u>\$ -</u> |
| Set-Aside Reserve Balance June 30, 2021 | <u>\$ -</u> |

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

Note 15 – Budgetary Basis of Accounting

The statement of receipts, disbursements and changes in fund balance - budget and actual (cash 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 the cash basis are that:

- a. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund and the Schoolwide Pool major special revenue fund is as follows:

| | Net Change in Fund Balance | |
|-----------------------------|----------------------------|--------------------|
| | General Fund | Schoolwide Pool |
| Cash Basis | \$ 1,203,597 | \$ - |
| Funds Budgeted Elsewhere** | (3,442) | - |
| Adjustment for Encumbrances | <u>(200,729)</u> | <u>(31,177)</u> |
| Budget Basis | <u>\$ 999,426</u> | <u>\$ (31,177)</u> |

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

Note 16 – Fund Balance

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 governmental funds.

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

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

| | <u>General</u> | <u>Bond Retirement</u> | <u>Other Governmental</u> | <u>Total Governmental</u> |
|----------------------------------|---------------------|----------------------------|-------------------------------|-------------------------------|
| Nonspendable for: | | | | |
| Unclaimed Funds | \$ 17,071 | \$ - | \$ - | \$ 17,071 |
| Restricted for: | | | | |
| Capital Outlay | - | - | 535,326 | 535,326 |
| Classroom Facilities Maintenance | - | - | 604,988 | 604,988 |
| Debt Retirement | - | 3,905,245 | - | 3,905,245 |
| Food Service Operations | - | - | 224,952 | 224,952 |
| Student Activities | - | - | 164,689 | 164,689 |
| Technology | - | - | 5,400 | 5,400 |
| Other Purposes | - | - | 475,744 | 475,744 |
| Total Restricted | <u>-</u> | <u>3,905,245</u> | <u>2,011,099</u> | <u>5,916,344</u> |
| Committed for: | | | | |
| Capital Purchases | <u>126,340</u> | <u>-</u> | <u>-</u> | <u>126,340</u> |
| Assigned for: | | | | |
| Encumbrances: | | | | |
| Instruction | 33,464 | - | - | 33,464 |
| Support Services | 167,265 | - | - | 167,265 |
| Other | 78,829 | - | - | 78,829 |
| Total Assigned | <u>279,558</u> | <u>-</u> | <u>-</u> | <u>279,558</u> |
| Unassigned | <u>4,286,193</u> | <u>-</u> | <u>-</u> | <u>4,286,193</u> |
| Total Fund Balances | <u>\$ 4,709,162</u> | <u>\$ 3,905,245</u> | <u>\$ 2,011,099</u> | <u>\$ 10,625,506</u> |

Note 17 – Interfund Activity

During the fiscal year, the General Fund transferred \$1,351,683 to the Schoolwide Pool major Special Revenue Fund to cover expenses as required by Ohio Department of Education. Additionally, the General Fund transferred \$5,230 to the District Managed Activities special revenue fund to account for the loss in revenues from COVID-19.

Note 18 – 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 of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Green Local School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 19 – Subsequent Events

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school. For fiscal year 2021, the School District reported \$172,671 in receipts and disbursements related to these programs.

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**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Assistance Listing Number | Total Federal Expenditures |
|---|--|---------------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| Child Nutrition Cluster: | | |
| Non-Cash Assistance (Food Distribution): | | |
| National School Lunch Program | 10.555 | \$ 27,772 |
| Cash Assistance | | |
| School Breakfast Program | 10.553 | 33,972 |
| COVID-19 - School Breakfast Program | | 7,645 |
| National School Lunch Program | 10.555 | 262,592 |
| COVID-19 - National School Lunch Program | | 41,151 |
| Total Child Nutrition Cluster | | 373,132 |
| Total U.S. Department of Agriculture | | 373,132 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| COVID-19 - Education Stabilization Fund | 84.425D | 13,759 |
| Special Education Cluster: | | |
| Special Education - Grants to States | 84.027 | 297,799 |
| Special Education - Preschool Grants | 84.173A | 4,552 |
| Total Special Education Cluster | | 302,351 |
| Title I Grants to Local Educational Agencies | 84.010 | 144,035 |
| Student Support and Academic Enrichment Program | 84.424A | 20,161 |
| English Language Acquisition State Grants | 84.365 | 956 |
| Improving Teacher Quality Grants to States | 84.367 | 43,870 |
| Total U.S. Department of Education | | 525,132 |
| <u>U.S. DEPARTMENT OF TREASURY</u> | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| COVID-19 - Coronavirus Relief Fund | 21.019 | 44,386 |
| Total U.S. Department of Treasury | | 44,386 |
| Total Federal Awards Expenditures | | \$ 942,650 |

The accompanying notes are an integral part of this schedule.

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Green Local School District, Wayne County, (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – 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 D - 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 E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Green Local School District
Wayne County
100 Smithie Drive
P.O. Box 438
Smithville, Ohio 44677

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District, Wayne County, (the School District) as of and for the year ended June 30, 2021, 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 16, 2022, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Finally, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2021-001.

School District's Response to Finding

The School District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Green Local School District
Wayne County
100 Smithie Drive
P.O. Box 438
Smithville, Ohio 44677

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Green Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Green Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Green Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)**

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

FINDING NUMBER 2021-001

Noncompliance – Annual Financial Report

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

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: See Corrective Action Plan.

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

None



Green Local Schools

Dean Frank, Superintendent
Erin VanMeter, Treasurer
P.O Box 438 - 100 Smithie Drive
Smithville, Ohio 44667-0438 - Wayne County
Phone: (330) 669-3165 - Fax: (330) 669-2121

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2021

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|--|---------------|--|
| 2020-001 | ORC 117.38 and OAC 117-2-03(b) – Filing GAAP Financial Statements (First issued in 2010) | Not corrected | The District filed their financial statements on the OCBOA basis. See Finding 2021-001 and corrective action plan. |

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Green Local Schools

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Phone: (330) 669-3165 - Fax: (330) 669-2121

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2021

Finding Number: 2021-001

Planned Corrective Action: Every year the Board of Education passes a resolution to prepare cash basis financial statements. The Green Local School Board of Education recognizes the value in preparing timely and accurate financial statements to reflect the School District's operations as of fiscal year end. Due to the cost requirements of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year end statements on a cash basis of accounting will reflect the School District's financial position and allow for resources previously spent on GAAP to be allocated for educational purposes.

Anticipated Completion Date: N/A

Responsible Contact Person: Erin VanMeter, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



GREEN LOCAL SCHOOL DISTRICT

WAYNE 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 4/12/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov