



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY  
JUNE 30, 2021**

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**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

Greenon Local School District  
Clark County  
120 South Xenia Street  
Enon, Ohio 45323

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenon Local School District, Clark County, Ohio (the School District), as of and for the fiscal 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenon Local School District, as of June 30, 2021, and the respective changes in financial position, and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

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

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 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

May 24, 2022

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**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

The discussion and analysis of the Greenon Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and 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 of governmental activities decreased \$1,265,917 which represents a 8.26% decrease from June 30, 2020's net position.
- General revenues accounted for \$18,862,731 in revenue or 83.64% of all revenues. Program specific revenues in the form of charges for services and sales, and operating and capital grants and contributions accounted for \$3,688,680 or 16.36% of total revenues of \$22,551,411.
- The School District had \$21,837,518 in expenses related to governmental activities; \$3,688,680 of these expenses were offset by program specific charges for services and sales, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$18,862,731 were not adequate to provide for these programs.
- The School District's major governmental funds are the general fund, the bond retirement fund, and the classroom facilities fund. The general fund had \$17,437,886 in revenues and \$16,547,920 in expenditures. During fiscal year 2021, the general fund's fund balance increased \$889,966 from \$8,037,140 to \$8,927,106.
- The bond retirement fund had \$1,909,188 in revenues and \$1,868,438 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$40,750 from \$2,438,649 to \$2,479,399.
- The classroom facilities fund had \$4,300,115 in revenues and other financing sources and \$15,309,153 in expenditures. During fiscal year 2021, the classroom facilities fund's fund balance decreased \$11,009,038 from \$14,176,744 to \$3,167,706.

**Using these Basic Financial Statements**

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund, the bond retirement fund, and the classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

**Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The School District's statement of net position and statement of activities can be found on pages 17-18 of this report.

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

***Fund Financial Statements***

The analysis of the School District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement fund, and the classroom facilities fund.

***Governmental Funds***

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-63 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 66 through 83 of this report.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position at June 30, 2021 and June 30, 2020.

	<b>Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 32,273,229	\$ 51,760,868
Net OPEB asset	1,085,387	1,032,714
Capital assets, net	<u>52,521,722</u>	<u>35,800,323</u>
Total assets	<u>85,880,338</u>	<u>88,593,905</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	3,248,565	3,512,465
OPEB	<u>550,321</u>	<u>399,631</u>
Total deferred outflows of resources	<u>3,798,886</u>	<u>3,912,096</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,155,923	7,066,727
Long-term liabilities:		
Due within one year	652,371	637,379
Due in more than one year:		
Net pension liability	19,671,495	18,010,647
Net OPEB liability	1,586,774	1,811,682
Other amounts	<u>37,195,278</u>	<u>37,762,647</u>
Total liabilities	<u>64,261,841</u>	<u>65,289,082</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next year	8,636,314	8,694,973
Payment in lieu of taxes for next fiscal year	14,233	14,233
Pension	478,969	1,262,512
OPEB	<u>2,221,593</u>	<u>1,913,010</u>
Total deferred inflows of resources	<u>11,351,109</u>	<u>11,884,728</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	17,166,613	12,070,899
Restricted	5,224,870	9,754,302
Unrestricted (deficit)	<u>(8,325,209)</u>	<u>(6,493,010)</u>
Total net position	<u>\$ 14,066,274</u>	<u>\$ 15,332,191</u>

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

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

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

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

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

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

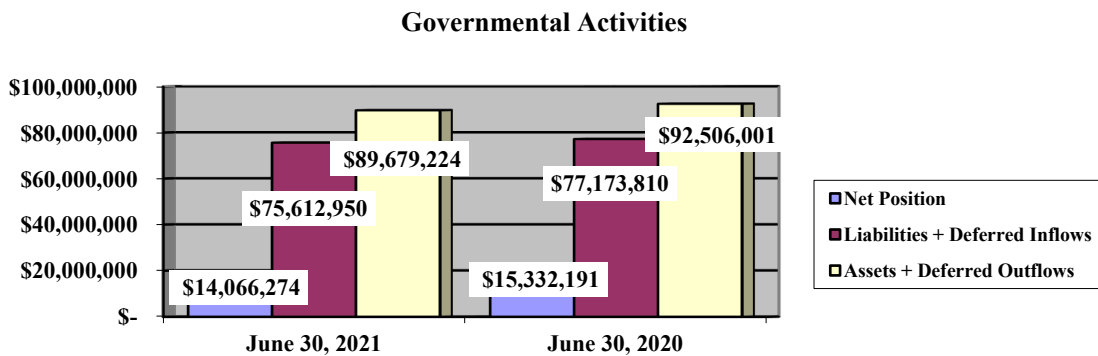
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the School District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows by \$14,066,274. Of this total, \$5,224,870 is restricted in use.

At year-end, capital assets represented 61.16% of total assets. Capital assets include land, construction in progress, buildings and improvements, vehicles, furniture and equipment and infrastructure. Net investment in capital assets at June 30, 2021, was \$17,166,613. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$5,224,870, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$8,325,209.

The graph below shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021 and June 30, 2020.



The table below shows the change in net position for fiscal year 2021 and 2020.

**Change in Net Position**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 803,081	\$ 1,288,802
Operating grants and contributions	2,869,941	1,992,818
Capital grants and contributions	15,658	292,499
General revenues:		
Property taxes	11,297,836	12,080,563
Payment in lieu of taxes	-	14,233
Grants and entitlements	7,223,832	6,909,943
Investment earnings	27,508	1,041,805
Other	313,555	98,754
Total revenues	<u>22,551,411</u>	<u>23,719,417</u>

- Continued

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

**Change in Net Position (Continued)**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 8,777,810	\$ 8,066,764
Special	3,352,200	3,460,949
Vocational	111,702	109,488
Other	1,268,633	1,239,438
Support services:		
Pupil	1,107,842	1,112,834
Instructional staff	289,102	436,684
Board of education	218,918	202,095
Administration	994,316	1,037,855
Fiscal	373,087	493,440
Business	36,079	53,336
Operations and maintenance	1,207,483	1,129,438
Pupil transportation	1,260,486	1,277,227
Central	120,179	201,714
Operations of non-instructional services:		
Food service operations	637,053	640,176
Other non-instructional services	2,317	24,336
Extracurricular activities	784,561	866,371
Interest and fiscal charges	<u>1,295,750</u>	<u>1,303,339</u>
Total expenses	<u>21,837,518</u>	<u>21,655,484</u>
Special item - loss on disposal of building	<u>(1,979,810)</u>	<u>-</u>
Change in net position	(1,265,917)	2,063,933
Net position at beginning of year	<u>15,332,191</u>	<u>13,268,258</u>
Net position at end of year	<u>\$ 14,066,274</u>	<u>\$ 15,332,191</u>

**Governmental Activities**

Net position of the School District's governmental activities decreased \$1,265,917. Total governmental expenses of \$21,837,518 were offset by program revenues of \$3,688,680 and general revenues of \$18,862,731. Program revenues supported 16.89% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 82.13% of total governmental revenue.

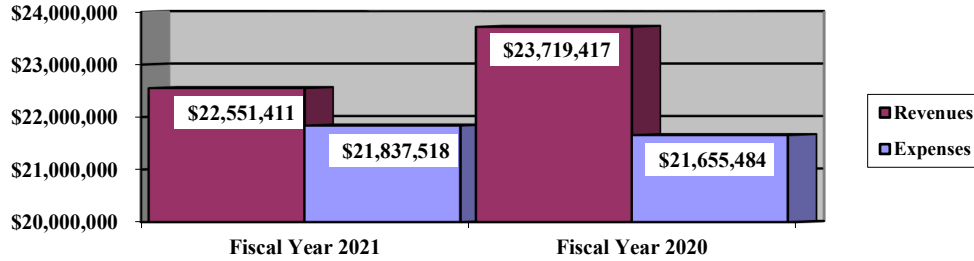
The largest expense of the School District is for instructional programs. Instruction expenses totaled \$13,510,345 or 61.87% of total governmental expenses for fiscal year 2021.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

The graph below presents the School District's governmental activities revenues and expenses for fiscal year 2021 and 2020.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. The total cost of services represents the total cost the School District incurred to provide the service and the net cost of services represents the cost of the service after applying specific program revenues attributable to that service.

**Governmental Activities**

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 8,777,810	\$ 8,029,279	\$ 8,066,764	\$ 7,432,939
Special	3,352,200	1,925,570	3,460,949	2,042,113
Vocational	111,702	4,221	109,488	603
Other	1,268,633	1,268,633	1,239,438	1,239,438
Support services:				
Pupil	1,107,842	893,175	1,112,834	1,112,092
Instructional staff	289,102	287,469	436,684	271,951
Board of education	218,918	218,918	202,095	201,102
Administration	994,316	994,316	1,037,855	1,037,855
Fiscal	373,087	373,087	493,440	493,440
Business	36,079	20,242	53,336	8,554
Operations and maintenance	1,207,483	1,179,525	1,129,438	1,129,438
Pupil transportation	1,260,486	1,241,714	1,277,227	1,262,990
Central	120,179	112,979	201,714	194,514
Operations of non-instructional services:				
Food service operations	637,053	76,927	640,176	117,535
Other non-instructional services	2,317	491	24,336	4,565
Extracurricular activities	784,561	226,542	866,371	228,897
Interest and fiscal charges	<u>1,295,750</u>	<u>1,295,750</u>	<u>1,303,339</u>	<u>1,303,339</u>
Total expenses	<u>\$ 21,837,518</u>	<u>\$ 18,148,838</u>	<u>\$ 21,655,484</u>	<u>\$ 18,081,365</u>

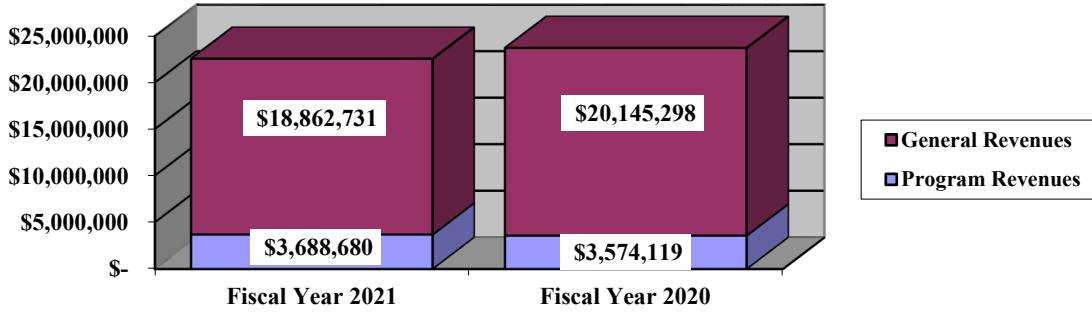
The dependence upon tax and other general revenues for governmental activities is apparent, 83.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.11%. The School District's taxpayers and unrestricted grants and entitlements are by far the primary support for School District's students.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

The graph below presents the School District's governmental activities revenues for fiscal year 2021 and 2020.

**Governmental Activities - General and Program Revenues**



**The School District's Funds**

The School District's governmental funds reported a combined fund balance of \$17,032,014, which is less than last year's total of \$30,656,771. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Fund Balance</u> <u>June 30, 2020</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
General	\$ 8,927,106	\$ 8,037,140	\$ 889,966	11.07 %
Bond Retirement	2,479,399	2,438,649	40,750	1.67 %
Classroom Facilities	3,167,706	14,176,744	(11,009,038)	(77.66) %
Other Governmental	<u>2,457,803</u>	<u>6,004,238</u>	<u>(3,546,435)</u>	59.07 %
Total	<u>\$ 17,032,014</u>	<u>\$ 30,656,771</u>	<u>\$ (13,624,757)</u>	(44.44) %

**General Fund**

The School District's general fund balance increased \$889,966.

Revenues of the general fund decreased \$559,185 or 3.11%. The most significant decrease was in the area of property taxes which decreased \$660,131 or 7.06%. This decrease is primarily due to a decrease in property taxes available for advance compared to the previous fiscal year. Investment earnings decreased due to the School District receiving a lower return on investments and spending bond proceeds.

Expenditures of the general fund decreased \$573,386 or 3.35%. This was primarily due to a decrease in support services of \$481,151 or 9.37% and a decrease in extracurricular expenditures of \$286,102 or 95.33%.



**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

The table that follows assists in illustrating the financial activities of the general fund.

	2021 <u>Amount</u>	2020 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 8,692,945	\$ 9,353,076	\$ (660,131)	(7.06) %
Tuition and fees	540,809	612,249	(71,440)	(11.67) %
Investment earnings	12,161	227,035	(214,874)	(94.64) %
Intergovernmental	7,871,743	7,535,895	335,848	4.46 %
Other revenues	<u>320,228</u>	<u>268,816</u>	<u>51,412</u>	19.13 %
Total	<u>\$ 17,437,886</u>	<u>\$ 17,997,071</u>	<u>\$ (559,185)</u>	(3.11) %
<b><u>Expenditures</u></b>				
Instruction	\$ 11,880,583	\$ 11,686,716	\$ 193,867	1.66 %
Support services	4,653,310	5,134,461	(481,151)	(9.37) %
Extracurricular activities	<u>14,027</u>	<u>300,129</u>	<u>(286,102)</u>	(95.33) %
Total	<u>\$ 16,547,920</u>	<u>\$ 17,121,306</u>	<u>\$ (573,386)</u>	(3.35) %

***Bond Retirement Fund***

The bond retirement fund had \$1,909,188 in revenues and \$1,868,438 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$40,750 from \$2,438,649 to \$2,479,399.

***Classroom Facilities Fund***

The classroom facilities fund had \$4,300,115 in revenues and other financing sources and \$15,309,153 in expenditures. During fiscal year 2021, the classroom facilities fund balance decreased \$11,009,038 from \$14,176,744 to \$3,167,706. This decrease is the result of spending down money for the building project.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2021, the School District did not amend its general fund revenues budget in total. For the general fund, original and final budgeted revenues and other financing sources were \$17,703,454. Actual revenues and other financing sources for fiscal year 2021 was \$17,361,191. This represents a \$342,263 decrease from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$18,375,091, which were increased to \$18,385,315 in the final appropriations. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$17,333,810, which was \$1,051,505 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2021, the School District had \$52,521,722 invested in land, construction in progress, buildings and improvements, vehicles, furniture and equipment and infrastructure. This entire amount is reported in governmental activities.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

The following table shows June 30, 2021 balances compared to June 30, 2020.

**Capital Assets at June 30  
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$ 84,740	\$ 84,740
Construction in progress	47,668,973	28,895,975
Buildings and improvements	2,620,984	4,987,675
Vehicles, Furniture and equipment	2,105,051	1,785,422
Infrastructure	41,974	46,511
Total	\$ 52,521,722	\$ 35,800,323

The overall increase in capital assets of \$16,721,399 is additions of \$18,962,236 exceeding depreciation expense of \$261,027 and disposals, net of accumulated depreciation of \$1,979,810.

See Note 8 to the basic financial statements for additional information on the School District's capital assets.

***Debt Administration***

At June 30, 2021, the School District had \$36,831,994 in loans, bonds and capital leases outstanding. Of this amount, \$574,355 is due within one year and \$36,257,639 is due in more than one year.

The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
	Loans	\$ 293,723
Bonds (including premiums)	36,429,090	36,972,151
Capital leases	109,181	-
Total	\$ 36,831,994	\$ 37,313,637

See Note 13 to the basic financial statements for additional information on the School District's debt administration.

**For the Future**

Mr. Darrin Knapke became Superintendent of the School District on August 1, 2020 taking over for Mr. Brad Silvus. Previously, he served as the Assistant Superintendent and Director of Special Education.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

***Local Funding***

Due to declining enrollment; aged and inadequate facilities; and due to the need to achieve operational efficiencies, the School District was seeking to construct a kindergarten through 12th grade facility in partnership with the Ohio Facilities Construction Commission (OFCC). The School District has plans to consolidate from three existing buildings to one building. School District leadership believes this is a strategically sound move that would have put the School District on a firm financial foundation for years to come. In fiscal year 2018, the School District passed a building OFCC bond for a total project cost of \$44,374,067.

In November of 2018, the School District replaced two existing emergency levies of \$500K & \$1.2M with a continuing substitute levy that passed by a 50.38%/49.62% margin. The School District just replaced its remaining emergency levy of \$1.8M on November 5, 2020 with a continuing substitute levy that passed by a 52/48% margin. This has assisted in stabilizing the School District's financial position. The School District is proud of its community support of our public schools.

The School District's Administration is constantly exploring ways to eliminate/reduce future deficits. The School District shares Special Education Supervisor, Psychological Services and most recently mechanical service positions with Southeastern Local School District.

***State Funding***

As discussed earlier, declining enrollment has been an impetus to move from three buildings to one. The declining enrollment is also affecting state funding. As it moves forward the next few fiscal years, the School District will be on the state guarantee – that is, due to declining enrollment, each year's state funding will be a guaranteed percentage of the prior year. For this reason, state funding will be at best stagnant, with the potential for a slight decline. Additionally, the School District lost about \$375,000 in Ed Jobs funding after fiscal year 2012. Combined with a loss in tangible personal property reimbursements of about \$475,000 over the 2011 and 2012 fiscal years, the School District faces significant challenges with state funding as it moves forward.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Mr. Garth Whitaker, Treasurer, Greenon Local School District, 120 South Xenia Street, Enon, Ohio 45323.

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**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2021

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 18,413,298
Restricted cash and investments	870,480
Receivables:	
Property taxes	11,572,298
Payment in lieu of taxes	14,233
Accounts	12,654
Accrued interest	17,605
Intergovernmental	1,343,007
Prepayments	27,979
Materials and supplies inventory	203
Inventory held for resale	1,472
Net OPEB asset	1,085,387
Capital assets:	
Nondepreciable capital assets	47,753,713
Depreciable capital assets, net	4,768,009
Capital assets, net	52,521,722
Total assets	85,880,338
 <b>Deferred outflows of resources:</b>	
Pension	3,248,565
OPEB	550,321
Total deferred outflows of resources	3,798,886
 <b>Liabilities:</b>	
Accounts payable	87,275
Contracts payable	1,854,933
Retainage payable	870,480
Accrued wages and benefits payable	1,711,476
Intergovernmental payable	48,177
Pension and postemployment benefits payable	253,065
Accrued interest payable	330,517
Long-term liabilities:	
Due within one year	652,371
Due in more than one year:	
Net pension liability	19,671,495
Net OPEB liability	1,586,774
Other amounts due in more than one year	37,195,278
Total liabilities	64,261,841
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	8,636,314
Payment in lieu of taxes levied for the next fiscal year	14,233
Pension	478,969
OPEB	2,221,593
Total deferred inflows of resources	11,351,109
 <b>Net position:</b>	
Net investment in capital assets	17,166,613
Restricted for:	
Capital projects	3,935,146
Classroom facilities maintenance	650,063
Debt service	327,332
State funded programs	49,136
Federally funded programs	14,613
Student activities	188,580
Other purposes	60,000
Unrestricted (deficit)	(8,325,209)
Total net position	\$ 14,066,274

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 8,777,810	\$ 421,000	\$ 311,873	\$ 15,658	\$ (8,029,279)
Special	3,352,200	115,989	1,310,641	-	(1,925,570)
Vocational	111,702	-	107,481	-	(4,221)
Other	1,268,633	-	-	-	(1,268,633)
Support services:					
Pupil	1,107,842	-	214,667	-	(893,175)
Instructional staff	289,102	-	1,633	-	(287,469)
Board of education	218,918	-	-	-	(218,918)
Administration	994,316	-	-	-	(994,316)
Fiscal	373,087	-	-	-	(373,087)
Business	36,079	11,405	4,432	-	(20,242)
Operations and maintenance	1,207,483	-	27,958	-	(1,179,525)
Pupil transportation	1,260,486	-	18,772	-	(1,241,714)
Central	120,179	-	7,200	-	(112,979)
Operation of non-instructional services:					
Food service operations	637,053	62,944	497,182	-	(76,927)
Other non-instructional services	2,317	-	1,826	-	(491)
Extracurricular activities	784,561	191,743	366,276	-	(226,542)
Interest and fiscal charges	1,295,750	-	-	-	(1,295,750)
<b>Totals</b>	<b>\$ 21,837,518</b>	<b>\$ 803,081</b>	<b>\$ 2,869,941</b>	<b>\$ 15,658</b>	<b>(18,148,838)</b>

**General revenues:**

Property taxes levied for:	
General purposes	8,672,695
Debt service	1,838,216
Capital outlay	629,771
Classroom facilities maintenance	157,154
Grants and entitlements not restricted to specific programs	7,223,832
Investment earnings	27,508
Miscellaneous	313,555
<b>Total general revenues</b>	<b>18,862,731</b>
Special item - loss on disposal of building	(1,979,810)
<b>Total general revenues and special item</b>	<b>16,882,921</b>
Change in net position	(1,265,917)
<b>Net position at beginning of year</b>	<b>15,332,191</b>
<b>Net position at end of year</b>	<b>\$ 14,066,274</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments	\$ 8,189,503	\$ 2,109,202	\$ 4,612,408	\$ 3,502,185	\$ 18,413,298
Receivables:					
Property taxes	8,901,741	1,866,847	-	803,710	11,572,298
Payment in lieu of taxes	14,233	-	-	-	14,233
Accounts	55	-	-	12,599	12,654
Accrued interest	9,459	-	5,130	3,016	17,605
Interfund loans	581,934	-	-	-	581,934
Intergovernmental	95,779	-	819,917	427,311	1,343,007
Prepayments	27,979	-	-	-	27,979
Materials and supplies inventory	-	-	-	203	203
Inventory held for resale	-	-	-	1,472	1,472
Restricted assets:					
Equity in pooled cash and investments	-	-	870,480	-	870,480
Total assets	<u>\$ 17,820,683</u>	<u>\$ 3,976,049</u>	<u>\$ 6,307,935</u>	<u>\$ 4,750,496</u>	<u>\$ 32,855,163</u>
<b>Liabilities:</b>					
Accounts payable	\$ 66,401	\$ -	\$ -	\$ 20,874	\$ 87,275
Contracts payable	-	-	1,449,722	405,211	1,854,933
Retainage payable	-	-	870,480	-	870,480
Accrued wages and benefits payable	1,539,709	-	-	171,767	1,711,476
Compensated absences payable	56,458	-	-	-	56,458
Intergovernmental payable	46,273	-	-	1,904	48,177
Pension and postemployment benefits payable	216,807	-	-	36,258	253,065
Interfund loans payable	-	-	-	581,934	581,934
Total liabilities	<u>1,925,648</u>	<u>-</u>	<u>2,320,202</u>	<u>1,217,948</u>	<u>5,463,798</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year	6,563,563	1,449,271	-	623,480	8,636,314
Payment in lieu of taxes levied for the next fiscal year	14,233	-	-	-	14,233
Delinquent property tax revenue not available	288,214	47,379	-	22,525	358,118
Intergovernmental revenue not available	95,525	-	819,917	427,311	1,342,753
Accrued interest not available	6,394	-	110	1,429	7,933
Total deferred inflows of resources	<u>6,967,929</u>	<u>1,496,650</u>	<u>820,027</u>	<u>1,074,745</u>	<u>10,359,351</u>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory	-	-	-	203	203
Prepays	27,979	-	-	-	27,979
Restricted:					
Debt service	-	2,479,399	-	-	2,479,399
Capital improvements	-	-	3,167,706	2,266,221	5,433,927
Latchkey	-	-	-	36,417	36,417
Classroom facilities maintenance	-	-	-	645,786	645,786
State funded programs	-	-	-	49,136	49,136
Federally funded programs	-	-	-	1,762	1,762
Extracurricular	-	-	-	188,580	188,580
Other purposes	-	-	-	21,821	21,821
Committed:					
Underground storage tanks	11,000	-	-	-	11,000
Assigned:					
Student instruction	39,309	-	-	-	39,309
Student and staff support	93,611	-	-	-	93,611
Subsequent year's appropriations	355,591	-	-	-	355,591
Unassigned (deficit)	8,399,616	-	-	(752,123)	7,647,493
Total fund balances	<u>8,927,106</u>	<u>2,479,399</u>	<u>3,167,706</u>	<u>2,457,803</u>	<u>17,032,014</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,820,683</u>	<u>\$ 3,976,049</u>	<u>\$ 6,307,935</u>	<u>\$ 4,750,496</u>	<u>\$ 32,855,163</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2021

<b>Total governmental fund balances</b>		\$	17,032,014
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			52,521,722
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	358,118	
Accrued interest receivable		7,933	
Intergovernmental receivable		1,342,753	
Total		1,708,804	1,708,804
Unamortized premiums on bonds issued are not recognized in the funds.			(1,869,090)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(330,517)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		3,248,565	
Deferred inflows - pension		(478,969)	
Net pension liability		(19,671,495)	
Deferred outflows - OPEB		550,321	
Deferred inflows - OPEB		(2,221,593)	
Net OPEB asset		1,085,387	
Net OPEB liability		(1,586,774)	
Total		(19,074,558)	(19,074,558)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(34,560,000)	
Capital lease obligations		(109,181)	
Compensated absences		(959,197)	
Loans payable		(293,723)	
Total		(35,922,101)	(35,922,101)
<b>Net position of governmental activities</b>		\$	14,066,274

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Bond Retirement	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 8,692,945	\$ 1,842,165	\$ -	\$ 788,510	\$ 11,323,620
Intergovernmental	7,871,743	64,370	4,253,609	1,745,040	13,934,762
Investment earnings	12,161	2,653	36,972	8,390	60,176
Tuition and fees	540,809	-	-	-	540,809
Extracurricular	27,684	-	-	171,644	199,328
Charges for services	-	-	-	62,944	62,944
Contributions and donations	4,503	-	-	29,615	34,118
Miscellaneous	288,041	-	-	79,254	367,295
Total revenues	<u>17,437,886</u>	<u>1,909,188</u>	<u>4,290,581</u>	<u>2,885,397</u>	<u>26,523,052</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	7,835,492	-	-	414,384	8,249,876
Special	2,668,628	-	-	540,851	3,209,479
Vocational	96,925	-	-	3,082	100,007
Other	1,279,538	-	-	-	1,279,538
Support services:					
Pupil	881,982	-	-	187,135	1,069,117
Instructional staff	287,205	-	-	638	287,843
Board of education	217,973	-	-	-	217,973
Administration	962,983	-	-	-	962,983
Fiscal	331,345	29,638	-	24,008	384,991
Business	35,487	-	-	-	35,487
Operations and maintenance	883,058	-	-	259,795	1,142,853
Pupil transportation	1,002,270	-	-	41,985	1,044,255
Central	51,007	-	-	57,567	108,574
Operation of non-instructional services:					
Food service operations	-	-	-	606,533	606,533
Other non-instructional services	-	-	-	2,254	2,254
Extracurricular activities	14,027	-	-	687,640	701,667
Facilities acquisition and construction	-	-	15,309,153	3,537,033	18,846,186
Capital outlay	-	-	-	116,050	116,050
Debt service:					
Principal retirement	-	485,000	-	54,632	539,632
Interest and fiscal charges	-	1,353,800	-	4,761	1,358,561
Total expenditures	<u>16,547,920</u>	<u>1,868,438</u>	<u>15,309,153</u>	<u>6,538,348</u>	<u>40,263,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>889,966</u>	<u>40,750</u>	<u>(11,018,572)</u>	<u>(3,652,951)</u>	<u>(13,740,807)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	9,534	273,325	282,859
Transfers (out)	-	-	-	(282,859)	(282,859)
Capital lease transaction	-	-	-	116,050	116,050
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,534</u>	<u>106,516</u>	<u>116,050</u>
Net change in fund balances	889,966	40,750	(11,009,038)	(3,546,435)	(13,624,757)
<b>Fund balances at beginning of year</b>	<u>8,037,140</u>	<u>2,438,649</u>	<u>14,176,744</u>	<u>6,004,238</u>	<u>30,656,771</u>
<b>Fund balances at end of year</b>	<u>\$ 8,927,106</u>	<u>\$ 2,479,399</u>	<u>\$ 3,167,706</u>	<u>\$ 2,457,803</u>	<u>\$ 17,032,014</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<b>Net change in fund balances - total governmental funds</b>	\$	(13,624,757)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 18,962,236	
Current year depreciation	(261,027)	
Total		18,701,209
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(1,979,810)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(25,784)	
Earnings on investments	(32,654)	
Intergovernmental	(3,879,647)	
Total		(3,938,085)
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		539,632
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(116,050)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	4,750	
Amortization of bond premiums	58,061	
Total		62,811
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		1,308,754
OPEB		42,674
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		(2,449,959)
OPEB		77,014
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		110,650
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(1,265,917)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 8,765,544	\$ 8,768,241	\$ 8,512,212	\$ (256,029)
Intergovernmental	7,738,414	7,740,794	7,661,418	(79,376)
Investment earnings	62,459	62,479	61,838	(641)
Tuition and fees	547,926	548,094	542,474	(5,620)
Extracurricular	21,081	21,087	20,871	(216)
Miscellaneous	37,100	37,112	36,731	(381)
Total revenues	<u>17,172,524</u>	<u>17,177,807</u>	<u>16,835,544</u>	<u>(342,263)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	7,914,014	7,924,138	7,792,204	131,934
Special	2,770,004	2,770,104	2,707,274	62,830
Vocational	108,764	108,764	99,003	9,761
Other	1,364,936	1,364,936	1,296,126	68,810
Support services:				
Pupil	1,190,023	1,190,023	932,781	257,242
Instructional staff	371,535	371,535	297,288	74,247
Board of education	215,261	215,261	235,856	(20,595)
Administration	1,203,065	1,203,065	964,421	238,644
Fiscal	442,367	442,367	354,040	88,327
Business	16,200	16,200	14,106	2,094
Operations and maintenance	1,034,002	1,034,002	965,196	68,806
Pupil transportation	1,178,768	1,178,768	1,027,551	151,217
Central	93,081	93,081	58,692	34,389
Extracurricular activities	324,445	324,445	7,338	317,107
Total expenditures	<u>18,226,465</u>	<u>18,236,689</u>	<u>16,751,876</u>	<u>1,484,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,053,941)</u>	<u>(1,058,882)</u>	<u>83,668</u>	<u>1,142,550</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	281,883	279,078	279,078	-
Advances in	249,047	246,569	246,569	-
Advances (out)	(148,626)	(148,626)	(581,934)	(433,308)
Total other financing sources (uses)	<u>382,304</u>	<u>377,021</u>	<u>(56,287)</u>	<u>(433,308)</u>
Net change in fund balance	(671,637)	(681,861)	27,381	709,242
<b>Fund balance at beginning of year</b>	7,246,781	7,246,781	7,246,781	-
<b>Prior year encumbrances appropriated</b>	227,921	227,921	227,921	-
<b>Fund balance at end of year</b>	<u>\$ 6,803,065</u>	<u>\$ 6,792,841</u>	<u>\$ 7,502,083</u>	<u>\$ 709,242</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Greenon Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal guidelines. This Board of Education controls the School District’s two instructional/support facilities.

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

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government 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 of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; or (3) 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 (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

The School District participates in four jointly governed organizations and two insurance purchasing pools. These organizations are the Miami Valley Educational Computer Association (MVECA), the Southwestern Ohio Educational Purchasing Council (SOEPC), the Clark County Family and Children First Council (FCF), Springfield/Clark Career Technology Center, the Southwestern Ohio Educational Purchasing Council Workers’ Compensation Group Rating Plan (GRP), and the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan, respectively. These organizations are presented in Notes 15 and 16 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**B. Measurement Focus and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, compensated absences are recorded only when payment is due.

Property taxes, grants and entitlements, tuition, fees and interest associated with the current fiscal period are all considered to susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the School District.

*Fund Accounting*

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

*Governmental Funds*

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

The School District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The *bond retirement fund* is used to account for the retirement of serial bonds and other long-term obligations. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, notes, or loans, shall be paid into this fund.

The *classroom facilities fund* is used to account for all transactions related to constructing a new building to house students in grades K-12.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use the restricted resources first, and then unrestricted resources, as they are needed.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related the School District's net pension liability and net OPEB liability/asset, respectively.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes, but is not limited to, delinquent property taxes, intergovernmental grants and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board at the object level for the General fund and the fund level for all other funds. The Treasurer has been given the authority to further allocate the Board's appropriations. Any budgetary modifications at the legal level may only be made by resolution of the Board of Education.

*Tax Budget:*

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.



**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Estimated Resources:*

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflects the amounts in the amended certificate in effect at the time the final appropriations were passed by the Board of Education.

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the object expenditure level in the General fund and fund level of expenditures for all other funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. Budgetary controls require that the appropriation resolution, by fund, be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, supplemental appropriations were legally enacted; however, these amendments were not significant.

The budgetary figures which appear in the "statement of revenues, expenditures, and changes in fund balance - budget and actual (non-GAAP budgetary basis) - general fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications. Budget figures appearing in the statement of budgetary comparisons are based upon the following:

*Original Budget* is the legally adopted amount of appropriation originally passed by School District Board through the original appropriation resolution.

*Final Budget* represents the final appropriation amounts, including all amendments and modifications.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as assigned fund balance in the general fund and within the other funds respective fund balance classifications.

*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 are not re-appropriated.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Cash and Investments**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the statement of net position and governmental fund balance sheet.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the statement of net position and governmental fund balance sheet as "restricted cash and investments" since they are not required to be deposited into the School District treasury.

During fiscal year 2021, the School District investments were limited to commercial paper, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit, US Treasury Bills, US Treasury Notes, and a US Government money market. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The School District Treasurer has determined the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$12,161, which includes \$1,697 assigned from other School District funds. The bond retirement fund and classroom facilities fund received \$2,653 and \$36,972, respectively. Other nonmajor governmental funds received \$8,390 of interest earnings.

**F. Inventory**

Inventories are stated at cost, which is determined on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures when purchased.

On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net position.

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

**H. Capital Assets and Depreciation**

Capital assets, which includes land, construction in progress, buildings and improvements, vehicles, furniture and equipment and infrastructure are reported on the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at an estimated fair market value at the date of donation. The School District reviewed possible infrastructure assets (roads, bridges, culverts, etc.), which could be required to be capitalized. The School District reports the waste water treatment plant as infrastructure.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Vehicles, Furniture and Equipment	5-20
Infrastructure	25

**I. Compensated Absences**

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Compensated absences payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The entire liability is reported on the government-wide statement of net position.

**J. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities are reported on the governmental fund financial statement as an obligation when they will be liquidated with current resources. However, general obligation bonds, capital lease obligation, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

**L. Interfund Transactions**

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amount restricted for the special trust fund, endowment fund and latchkey fund, all nonmajor governmental funds.

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

**N. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**O. Estimates**

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

**P. Pensions/Other Postemployment Benefits (OPEB)**

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

**Q. Fair Value**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**R. 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. The School District disposed of Indian Valley Intermediate School which resulted in a loss on disposal of \$1,979,810. This amount is reported as a special item on the statement of activities.

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2021, the School District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

**B. Deficit Fund Balances**

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 332,863
ESSER	320,878
Title VI-B	58,090
Title I	40,088
Miscellaneous federal grants	1

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**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.

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 five years from the date of deposit or by savings or deposit accounts including passbook accounts.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the 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.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all School District deposits was \$7,797,790. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2021, \$734,386 of the School District's bank balance of \$7,812,760 was exposed to custodial credit risk as discussed below because this amount was uninsured and uncollateralized, while \$7,078,374 was covered by the FDIC.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

**B. Investments**

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

<u>Measurement/investment type</u>	<u>Measurement Value</u>	<u>6 months or less</u>	<u>Investment Maturities</u>			
			<u>7 to 12 months</u>	<u>13 to 18 month</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Fair value:						
Commercial paper	\$ 4,667,538	\$ 3,073,816	\$ 1,593,722	\$ -	\$ -	\$ -
FHLB	199,240	-	-	-	-	199,240
FHLMC	476,187	-	-	-	-	476,187
FNMA	170,015	-	-	-	-	170,015
Negotiable CDs	3,183,858	695,842	899,615	250,738	397,156	940,507
US Treasury Bills	1,029,996	1,029,996	-	-	-	-
US Treasury Notes	1,747,672	1,747,672	-	-	-	-
US Government money market	<u>11,482</u>	<u>11,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,485,988</u>	<u>\$ 6,558,808</u>	<u>\$ 2,493,337</u>	<u>\$ 250,738</u>	<u>\$ 397,156</u>	<u>\$ 1,785,949</u>

The weighted average of maturity of investments is 0.87 years.

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

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.



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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* The School District's investments in commercial paper were rated P-1 by Moody's Investor Services. The School District's investments in federal agency securities (FHLB, FHLMC, FNMA), US Treasury Bills and US Treasury Notes were rated Aaa or P-1 by Moody's Investor Services. Standard & Poor's has assigned the US Government money market an AAAM money market rating. The negotiable CDs are not rated. The School District has no policy dealing with credit risk beyond the requirements of State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and led by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2021:

<u>Measurement/investment type</u>	<u>Measurement Value</u>	<u>% of total</u>
Fair value:		
Commercial paper	\$ 4,667,538	40.63
FHLB	199,240	1.73
FHLMC	476,187	4.15
FNMA	170,015	1.48
Negotiable CDs	3,183,858	27.72
US Treasury Bills	1,029,996	8.97
US Treasury Notes	1,747,672	15.22
US Government money market	<u>11,482</u>	<u>0.10</u>
Total	<u>\$ 11,485,988</u>	<u>100.00</u>

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 7,797,790
Investments	<u>11,485,988</u>
Total	<u>\$ 19,283,778</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 19,283,778</u>

**GREENON LOCAL SCHOOL DISTRICT  
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**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund loans receivable/payable consisted of the following at June 30, 2021, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 581,934</u>

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

Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

B. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<u>Transfer from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	\$ 273,325
<u>Transfer from nonmajor governmental fund to:</u>	
Classroom facilities fund	<u>9,534</u>
Total	<u>\$ 282,859</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$62,750 transfer from the Elementary and Secondary School Emergency Relief (ESSER) fund (a nonmajor governmental fund) to the permanent improvement fund (a nonmajor governmental fund) was for a CDW purchase. The \$34,630 transfer from the classroom facilities maintenance fund (a nonmajor governmental fund) to the permanent improvement fund (a nonmajor governmental fund) was for a real estate settlement. The \$175,945 transfer from the permanent improvement fund and special enterprise fund (nonmajor governmental funds) to the building fund (a nonmajor governmental fund) was to transfer money for the Locally Funded Initiative (LFI) in accordance with the Ohio Facilities Construction Commission (OFCC). The \$9,534 transfer from the building fund (a nonmajor governmental fund) to the classroom facilities fund was to fund retainage.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Clark 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 2022 operations. The amount available as an advance at June 30, 2021 was \$2,049,964 in the general fund, \$370,197 in the bond retirement fund, \$131,416 in the permanent improvement fund (a nonmajor governmental fund) and \$26,289 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$1,865,247 in the general fund, \$372,288 in the bond retirement fund, \$117,468 in the permanent improvement fund (a nonmajor governmental fund) and \$23,499 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources.

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 282,632,320	95.70	\$ 287,543,500	95.52
Public utility personal	<u>12,695,290</u>	<u>4.30</u>	<u>13,482,070</u>	<u>4.48</u>
Total	<u>\$ 295,327,610</u>	<u>100.00</u>	<u>\$ 301,025,570</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General	\$ 38.36		\$ 38.38	
Bond	6.38		6.31	
Permanent Improvement	3.00		3.00	

**GREENON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2021, consisted of taxes, payment in lieu of taxes accounts, accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and current year guarantee of federal funds.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2021 was as follows.

	Balance <u>06/30/20</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/21</u>
Capital assets, not being depreciated:				
Land	\$ 84,740	\$ -	\$ -	\$ 84,740
Construction in progress	<u>28,895,975</u>	<u>18,846,186</u>	<u>(73,188)</u>	<u>47,668,973</u>
Total capital assets, not being depreciated	<u>28,980,715</u>	<u>18,846,186</u>	<u>(73,188)</u>	<u>47,753,713</u>
Capital assets, being depreciated:				
Buildings and improvements	18,412,265	73,188	(6,587,776)	11,897,677
Vehicles, furniture and equipment	5,160,589	116,050	(1,385,952)	3,890,687
Infrastructure	<u>122,003</u>	<u>-</u>	<u>-</u>	<u>122,003</u>
Total capital assets, being depreciated	<u>23,694,857</u>	<u>189,238</u>	<u>(7,973,728)</u>	<u>15,910,367</u>
Less: accumulated depreciation				
Buildings and improvements	(13,424,590)	(36,290)	4,184,187	(9,276,693)
Vehicles, furniture and equipment	(3,375,167)	(220,200)	1,809,731	(1,785,636)
Infrastructure	<u>(75,492)</u>	<u>(4,537)</u>	<u>-</u>	<u>(80,029)</u>
Total accumulated depreciation	<u>(16,875,249)</u>	<u>(261,027)</u>	<u>5,993,918</u>	<u>(11,142,358)</u>
Governmental activities capital assets, net	<u>\$ 35,800,323</u>	<u>\$ 18,774,397</u>	<u>\$ (2,052,998)</u>	<u>\$ 52,521,722</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 14,823
Vocational	296
Support services:	
Business	592
Operations and maintenance	17,929
Pupil transportation	159,677
Central	11,605
Extracurricular	54,277
Food service operations	<u>1,828</u>
Total depreciation expense	<u>\$ 261,027</u>

**GREENON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2021, the School District contracted with the Southwestern Ohio EPC Liability/Property/Fleet Program.

Insurance coverage provided includes the following:

General Liability:		
Per Occurrence	\$	1,000,000
Total Per Year		3,000,000
Total Per Year for Pool		350,000,000
Automobile Liability (\$1,000 Deductible)		1,000,000
Property Insurance (\$1,000 Deductible) for Member		1,000,000
Total Per Year for Pool		350,000,000
School Board Legal Liability (\$10,000 Deductible)		1,000,000
Boiler/Machinery (\$3,500 Deductible) for Pool		250,000,000
Excess Liability (in excess of underlying \$1,000,000 for member)		5,000,000
Site Pollution Legal Liability (\$25,000 Deductible)		1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 2021, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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.

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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.

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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; or 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.

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% 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 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. In 2020, the Board of Trustees approved a 0.5 cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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%. The Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District's contractually required contribution to SERS was \$314,802 for fiscal year 2021. Of this amount, \$31,833 is reported as pension and postemployment benefits payable.

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

Plan Description - Licensed teachers and other faculty members participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://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 (CO) 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% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for the DB Plan members who retire with 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$993,952 for fiscal year 2021. Of this amount, \$174,008 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.07055900%	0.06235294%	
Proportion of the net pension liability current measurement date	<u>0.07148830%</u>	<u>0.06175746%</u>	
Change in proportionate share	<u>0.00092930%</u>	<u>-0.00059548%</u>	
Proportionate share of the net pension liability	\$ 4,728,387	\$ 14,943,108	\$ 19,671,495
Pension expense	\$ 580,608	\$ 1,869,351	\$ 2,449,959



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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 9,186	\$ 33,530	\$ 42,716
Net difference between projected and actual earnings on pension plan investments	300,157	726,684	1,026,841
Changes of assumptions	-	802,157	802,157
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	68,097	-	68,097
Contributions subsequent to the measurement date	<u>314,802</u>	<u>993,952</u>	<u>1,308,754</u>
Total deferred outflows of resources	<u>\$ 692,242</u>	<u>\$ 2,556,323</u>	<u>\$ 3,248,565</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 95,550	\$ 95,550
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>383,419</u>	<u>383,419</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 478,969</u>	<u>\$ 478,969</u>

\$1,308,754 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 54,188	\$ 309,466	\$ 363,654
2023	104,165	132,594	236,759
2024	125,112	341,159	466,271
2025	<u>93,975</u>	<u>300,183</u>	<u>394,158</u>
Total	<u>\$ 377,440</u>	<u>\$ 1,083,402</u>	<u>\$ 1,460,842</u>

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - SERS*

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

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

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

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

Inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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.

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 6,477,313	\$ 4,728,387	\$ 3,261,005

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%
Discount Rate of Return	7.45%

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's 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 Real 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>	

\*\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' 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 pension plan investments of 7.45% was applied to all periods of projected benefit payment 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 presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, 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%) or one-percentage-point higher (8.45%) 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	\$ 21,276,384	\$ 14,943,108	\$ 9,576,184

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

See Note 10 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. 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% 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 post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$42,674.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$42,674 for fiscal year 2021. Of this amount, \$42,674 is reported as pension and postemployment benefits payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liability/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.07204110%	0.06235294%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.07301130%</u>	<u>0.06175746%</u>	
Change in proportionate share	<u>0.00097020%</u>	<u>-0.00059548%</u>	
Proportionate share of the net OPEB liability	\$ 1,586,774	\$ -	\$ 1,586,774
Proportionate share of the net OPEB asset	\$ -	\$ (1,085,387)	\$ (1,085,387)
OPEB expense	\$ 3,805	\$ (80,819)	\$ (77,014)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 20,839	\$ 69,548	\$ 90,387
Net difference between projected and actual earnings on OPEB plan investments	17,882	38,038	55,920
Changes of assumptions	270,489	17,917	288,406
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	72,934	-	72,934
Contributions subsequent to the measurement date	<u>42,674</u>	<u>-</u>	<u>42,674</u>
Total deferred outflows of resources	<u>\$ 424,818</u>	<u>\$ 125,503</u>	<u>\$ 550,321</u>

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 806,987	\$ 216,192	\$ 1,023,179
Changes of assumptions	39,966	1,030,934	1,070,900
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>71,135</u>	<u>56,379</u>	<u>127,514</u>
Total deferred inflows of resources	<u>\$ 918,088</u>	<u>\$ 1,303,505</u>	<u>\$ 2,221,593</u>

\$42,674 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (113,245)	\$ (296,558)	\$ (409,803)
2023	(111,953)	(270,813)	(382,766)
2024	(112,162)	(261,778)	(373,940)
2025	(98,136)	(245,852)	(343,988)
2026	(72,570)	(50,416)	(122,986)
Thereafter	<u>(27,878)</u>	<u>(52,585)</u>	<u>(80,463)</u>
Total	<u>\$ (535,944)</u>	<u>\$ (1,178,002)</u>	<u>\$ (1,713,946)</u>

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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%
Wage increases	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% 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 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.



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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
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	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of 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, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	School District's proportionate share of the net OPEB liability	\$ 1,942,173	\$ 1,586,774

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB liability	\$ 1,249,464	\$ 1,586,774

**GREENON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*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, compared with June 30, 2019, are presented below:

	June 30, 2020		June 30, 2019	
	Initial	Ultimate	Initial	Ultimate
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.45%		7.45%	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

*Assumption Changes Since the Prior Measurement Date* - There were no changes in assumptions since the prior measurement date of June 30, 2019.

*Benefit Term Changes Since the Prior Measurement Date* - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 actual rate of return, without net value added by management.

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 944,357	\$ 1,085,387	\$ 1,205,045
		Current Trend Rate	
	1% Decrease	1% Increase	
School District's proportionate share of the net OPEB asset	\$ 1,197,617	\$ 1,085,387	\$ 948,672

**GREENON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days for classified personnel and 295 days for certified personnel. For classified personnel, upon retirement, payment is made for 25% of the first 160 days and 22% of the days in excess of 160 but not to exceed a total of 64 days. For certified personnel, upon retirement, payment is made for 25% of the first 160 days and 22.2% of the days in excess of 160 but not to exceed a total of 67 days.

**B. Insurance Benefits**

The School District has elected to provide employee medical/surgical benefits through United Healthcare of Ohio. The Board pays 85 percent of the monthly premium for certified and classified employees. Dental insurance is provided by the School District to most employees through Delta Dental. Vision insurance is provided by the School District to most employees through Vision Service Plan. The Board pays 80 percent for certified employees and 85 percent for classified employees of the dental and vision insurance. The School District provides life insurance and accidental death and dismemberment insurance to most employees through Union Financial.

**C. Special Termination Benefits**

Effective with the 2016-2017 contract year and continuing through the next 10 years (through 2025- 2026), the special termination benefits will be eliminated in one-tenth increments for each of the next ten years.

For the 2020-2021 contract year, certified employees (GFT) are entitled to a retirement incentive equal to 20% (a reduction from 24%) of base pay (exclusive of any compensation under a supplemental contract) calculated on the basis of the employee's final year's salary.

For the 2020-2021 contract year, a bargaining unit employee who satisfies the eligibility criteria is entitled to a retirement incentive equal to \$2,500 pro-rated to 8 hours based on hours working at time of retirement. (A 4-hour employee would receive one-half of \$1,250).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

	Interest Rate	Balance June 30, 2020	Increase	Decrease	Balance June 30, 2021	Amounts Due in One Year
Loans:						
2016 Energy Loan	1.00%	\$ 341,486	\$ -	\$ (47,763)	\$ 293,723	\$ 48,050
Subtotal Loans		<u>341,486</u>	<u>-</u>	<u>(47,763)</u>	<u>293,723</u>	<u>48,050</u>
Bonds Payable:						
2017A Classroom Facilities UTGO Bonds	1.5-5%	28,575,000	-	(475,000)	28,100,000	500,000
Premium for 2017A Bonds		1,725,937	-	(49,312)	1,676,625	-
2018 UTGO Bonds	1.5-4%	6,470,000	-	(10,000)	6,460,000	5,000
Premiums for 2018 Bonds		201,214	-	(8,749)	192,465	-
Subtotal Bonds		<u>36,972,151</u>	<u>-</u>	<u>(543,061)</u>	<u>36,429,090</u>	<u>505,000</u>
Other Long-term Obligations:						
Capital lease obligations		-	116,050	(6,869)	109,181	21,305
Compensated absences and termination benefits		1,086,389	42,463	(113,197)	1,015,655	78,016
Net pension liability		18,010,647	1,660,848	-	19,671,495	-
Net OPEB liability		1,811,682	-	(224,908)	1,586,774	-
Total Other Long-term Obligations		<u>20,908,718</u>	<u>1,819,361</u>	<u>(344,974)</u>	<u>22,383,105</u>	<u>99,321</u>
Total Long-Term Obligations		<u>\$ 58,222,355</u>	<u>\$ 1,819,361</u>	<u>\$ (935,798)</u>	<u>\$ 59,105,918</u>	<u>\$ 652,371</u>

Compensated absences and the special termination benefit will be paid from the funds from which the employees' salaries are paid. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

In 2016, the School District issued a HB264 Energy Conservation Loan for \$526,182, which was used for energy improvements throughout the School District. The Loan was issued for a rate of 1.0% with final maturity due on 12/1/2026. This loan is paid from the permanent improvement fund (a nonmajor governmental fund).

In 2018, the School District issued a Classroom Facilities Unlimited Tax General Obligation (UTGO) Bond for \$29,500,000 and a UTGO Bond for \$6,500,000 which was used to build one new elementary/middle/high school. The Classroom Facilities UTGO Bond will mature on 10/1/2054, and the UTGO Bond will mature on 10/1/2042. Both bonds will be paid from the bond retirement fund. At June 30, 2021, there were \$2,333,208 in unspent bond proceeds.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

A summary of the School District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2021 follows:

Fiscal Year Ending June 30,	2017A Bonds			2018 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 500,000	\$ 1,091,762	\$ 1,591,762	\$ 5,000	\$ 247,887	\$ 252,887
2023	500,000	1,078,012	1,578,012	10,000	247,738	257,738
2024	545,000	1,063,244	1,608,244	5,000	247,587	252,587
2025	550,000	1,047,475	1,597,475	10,000	247,431	257,431
2026	570,000	1,025,076	1,595,076	15,000	247,157	262,157
2027-2031	3,370,000	4,744,177	8,114,177	50,000	1,231,369	1,281,369
2032-2036	4,270,000	3,996,725	8,266,725	45,000	1,223,828	1,268,828
2037-2041	1,235,000	3,439,627	4,674,627	4,070,000	926,829	4,996,829
2042-2046	4,375,000	3,076,225	7,451,225	2,250,000	93,800	2,343,800
2047-2051	6,765,000	1,553,588	8,318,588	-	-	-
2052-2055	5,420,000	387,625	5,807,625	-	-	-
<b>Total</b>	<b>\$ 28,100,000</b>	<b>\$ 22,503,536</b>	<b>\$ 50,603,536</b>	<b>\$ 6,460,000</b>	<b>\$ 4,713,626</b>	<b>\$ 11,173,626</b>

Fiscal Year Ending June 30,	Loans			
	Principal	Interest	Fees	Total
2022	\$ 48,050	\$ 1,938	\$ 646	\$ 50,634
2023	48,531	1,576	526	50,633
2024	49,018	1,211	404	50,633
2025	49,510	843	281	50,634
2026	50,004	470	157	50,631
2027	48,610	94	31	48,735
<b>Total</b>	<b>\$ 293,723</b>	<b>\$ 6,132</b>	<b>\$ 2,045</b>	<b>\$ 301,900</b>

**Capital Lease - Lessee Disclosure**

The School District entered into capitalized leases for copier equipment. This lease agreement meets the criteria of capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital leases also are considered direct borrowings. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2021 totaled \$6,869 paid by the permanent improvement fund.

The assets acquired through capital leases are as follows:

<b>Assets:</b>	
Equipment (copiers)	\$ 116,050
Less: accumulated depreciation	<u>(11,605)</u>
<b>Total</b>	<b><u>\$ 104,445</u></b>

**GREENON LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 26,280
2023	26,280
2024	26,280
2025	26,280
2026	<u>17,520</u>
Total minimum lease payments	122,640
Less: amount representing interest	<u>(13,459)</u>
Total	<u>\$ 109,181</u>

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$27,092,301 and an unvoted debt margin of \$301,026.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budgetary basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

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**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (d) Advances-in and advances-out are operating transactions (budgetary basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budgetary basis).

The adjustments necessary to convert the results of operations for the year on the budgetary basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budgetary basis	\$ 27,381
Net adjustment for revenue accruals	337,735
Net adjustment for expenditure accruals	39,955
Net adjustment for other sources/uses	56,287
Funds budgeted elsewhere	236,687
Adjustments for encumbrances	191,921
GAAP basis	\$ 889,966

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the district agency fund, the underground storage tank fund and the workers compensation self-insurance fund.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

*Miami Valley Educational Computer Association* - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Madison and Highland Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven representatives from the member districts elected by the majority vote of the General Assembly, which consists of representatives from the member school districts. Each member pays an annual membership fee plus any other fees for services performed by the consortium. The School District paid MVECA \$134,894 for services provided during the fiscal year. Financial information can be obtained from the Executive Director, at MVECA at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

*Southwestern Ohio Educational Purchasing Council* - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 260 member school districts. The Council is directed by a member-elected eleven member Executive Board. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During the fiscal year, the School District paid \$70,291 to the SOEPC. To obtain financial information, write to Mr. Ken Swink of the Southwestern Ohio Educational Purchasing Council, Executive Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)**

*Clark County Family and Children First Council* - The Clark County Family and Children First Council (FCF) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of eighteen representatives of each the members of the FCF, including the Superintendent of the Clark County Educational Service Center, who was appointed by the Superintendents of the Clark County schools. All members are obligated to pay all dues as established by the FCF to aid the financing of the operations and programs of the FCF. The Greenon Local School District does not pay any dues since the Clark County Educational Service Center represents the School District. Any member withdrawing from the FCF must give one hundred eighty days written notice to the FCF after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Executive Director, at 1345 Lagonda Avenue, Springfield, Ohio 45502.

*Springfield/Clark Career Technology Center* - The Springfield/Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possess its own budgeting and taxing authority. One member is appointed from the following: Clark-Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. To obtain financial information, write to the Springfield/Clark County Career Technology Center, Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

**NOTE 16 - INSURANCE PURCHASING POOLS**

*Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan* - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by an eleven member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

*Southwestern Ohio Educational Purchasing Council Medical Benefits Plan* - The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program

**NOTE 17 - SET-ASIDES**

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 17 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	286,479
Current year offsets	<u>(905,790)</u>
Total	<u>\$ (619,311)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u><u>\$ -</u></u>

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time

**B. Litigation**

The School District is not a party to legal proceedings.

**C. Foundation Funding**

In fiscal year 2021, School District foundation funding was 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 the schools throughout the State, which can extend past the fiscal year end. As of the date of this report, the net impact of adjustments for fiscal year 2021 resulted in a liability to ODE in the amount of \$28,421. This amount is not reported on the financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 19 - COMMITMENTS**

**A. 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 year end, the School District’s commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 133,714
Classroom facilities fund	2,603,533
Nonmajor governmental funds	<u>1,360,887</u>
Total	<u>\$ 4,098,134</u>

**B. Contractual Commitments**

The School District had the following contract commitments outstanding at June 30, 2021:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2021</u>
Heapy Engineering	\$ 51,030	\$ -	\$ 51,030
Summit Construction Company	<u>1,011,083</u>	<u>(209,888)</u>	<u>801,195</u>
Total	<u>\$ 1,062,113</u>	<u>\$ (209,888)</u>	<u>\$ 852,225</u>

**NOTE 20 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 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.

**NOTE 21 - 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, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating 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 educating school. For fiscal year 2021, the School District reported \$2,039,365 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the School District reported \$193,696 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

On November 1, 2021, Garth Whitaker became Treasurer of the School District.

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REQUIRED SUPPLEMENTARY INFORMATION

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	0.07148830%	0.07055900%	0.06759970%	0.07275880%
School District's proportionate share of the net pension liability	\$ 4,728,387	\$ 4,221,669	\$ 3,871,560	\$ 4,347,178
School District's covered payroll	\$ 2,543,936	\$ 2,420,570	\$ 2,344,689	\$ 2,268,500
School District's proportionate share of the net pension liability as a percentage of its covered payroll	185.87%	174.41%	165.12%	191.63%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.07232450%	0.07442140%	0.08130900%	0.08130900%
\$ 5,293,486	\$ 4,246,557	\$ 4,115,002	\$ 4,835,185
\$ 2,246,129	\$ 2,240,470	\$ 2,362,684	\$ 2,277,204
235.67%	189.54%	174.17%	212.33%
62.98%	69.16%	71.70%	65.52%

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	0.06175746%	0.06235294%	0.06315603%	0.06402618%
School District's proportionate share of the net pension liability	\$ 14,943,108	\$ 13,788,978	\$ 13,886,593	\$ 15,209,556
School District's covered payroll	\$ 7,510,614	\$ 7,246,800	\$ 7,479,086	\$ 7,343,657
School District's proportionate share of the net pension liability as a percentage of its covered payroll	198.96%	190.28%	185.67%	207.11%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06537948%	0.06247745%	0.06812639%	0.06812639%
\$ 21,884,483	\$ 17,266,940	\$ 16,570,696	\$ 19,738,904
\$ 6,710,229	\$ 6,651,136	\$ 6,960,638	\$ 7,327,123
326.14%	259.61%	238.06%	269.40%
66.80%	72.10%	74.70%	69.30%

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 314,802	\$ 356,151	\$ 326,777	\$ 316,533
Contributions in relation to the contractually required contribution	(314,802)	(356,151)	(326,777)	(316,533)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 2,248,586	\$ 2,543,936	\$ 2,420,570	\$ 2,344,689
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 317,590	\$ 314,458	\$ 295,294	\$ 327,468	\$ 315,165	\$ 308,599
<u>(317,590)</u>	<u>(314,458)</u>	<u>(295,294)</u>	<u>(327,468)</u>	<u>(315,165)</u>	<u>(308,599)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,268,500	\$ 2,246,129	\$ 2,240,470	\$ 2,362,684	\$ 2,277,204	\$ 2,294,416
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 993,952	\$ 1,051,486	\$ 1,014,552	\$ 1,047,072
Contributions in relation to the contractually required contribution	(993,952)	(1,051,486)	(1,014,552)	(1,047,072)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 7,099,657	\$ 7,510,614	\$ 7,246,800	\$ 7,479,086
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,028,112	\$ 939,432	\$ 931,159	\$ 904,883	\$ 952,526	\$ 914,149
<u>(1,028,112)</u>	<u>(939,432)</u>	<u>(931,159)</u>	<u>(904,883)</u>	<u>(952,526)</u>	<u>(914,149)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,343,657	\$ 6,710,229	\$ 6,651,136	\$ 6,960,638	\$ 7,327,123	\$ 7,031,915
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.07301130%	0.07204110%	0.06883400%	0.07337370%	0.07296553%
School District's proportionate share of the net OPEB liability	\$ 1,586,774	\$ 1,811,682	\$ 1,909,641	\$ 1,969,158	\$ 2,079,788
School District's covered payroll	\$ 2,543,936	\$ 2,420,570	\$ 2,344,689	\$ 2,268,500	\$ 2,246,129
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	62.37%	74.85%	81.45%	86.80%	92.59%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/(ASSET)  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability/asset	0.06175746%	0.06235294%	0.06315603%	0.06402618%	0.06537948%
School District's proportionate share of the net OPEB liability/(asset)	\$ (1,085,387)	\$ (1,032,714)	\$ (1,014,853)	\$ 2,498,065	\$ 3,496,511
School District's covered payroll	\$ 7,510,614	\$ 7,246,800	\$ 7,479,086	\$ 7,343,657	\$ 6,710,229
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.45%	14.25%	13.57%	34.02%	52.11%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 42,674	\$ 41,361	\$ 54,819	\$ 50,039
Contributions in relation to the contractually required contribution	<u>(42,674)</u>	<u>(41,361)</u>	<u>(54,819)</u>	<u>(50,039)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,248,586	\$ 2,543,936	\$ 2,420,570	\$ 2,344,689
Contributions as a percentage of covered payroll	1.90%	1.63%	2.26%	2.13%

Note: Information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2017</u>	<u>2016</u>
\$ 37,864	\$ 35,515
<u>(37,864)</u>	<u>(35,515)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 2,268,500	\$ 2,246,129
1.67%	1.58%

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SIX FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 7,099,657	\$ 7,510,614	\$ 7,246,800	\$ 7,479,086
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>
\$ -	\$ -
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 7,343,657	\$ 6,710,229
0.00%	0.00%

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**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

(Continued)

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 6.69% initial - 4.00% ultimate.

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**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>(1) Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program:			
COVID-19 School Breakfast Program	10.553	N/A	\$ 12,461
School Breakfast Program			99,980
Total School Breakfast Program			<u>112,441</u>
National School Lunch Program:			
Cash Assistance:			
COVID-19 National School Lunch Program	10.555	N/A	34,156
National School Lunch Program			276,160
Noncash Assistance:			
National School Lunch Program	10.555	N/A	17,181
Total National School Lunch Program			<u>327,497</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u><b>439,938</b></u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	86,804
Total U.S. Department of the Treasury			<u><b>86,804</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	N/A	238,583
Special Education Cluster (IDEA)			
Special Education Grants to States	84.027	N/A	309,473
Special Education Preschool Grants	84.173	N/A	9,326
Total Special Education Cluster (IDEA)			<u>318,799</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	41,434
Student Support and Academic Enrichment Program	84.424	N/A	38,316
COVID-19 Education Stabilization Fund	84.425D	N/A	510,969
Total U.S. Department of Education			<u><b>1,148,101</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,674,843</b></u>

(1) There were no amounts passed through to subrecipients

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

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL 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 Greenon Local School District (the School District) under programs of the federal government for the fiscal 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 or change 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 program that benefitted from the use of those donated food commodities.

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The School District transferred the following amounts from 2021 to 2022 programs:

<b>Program Title</b>	<b>Assistance Listing Number</b>	<b>Amount Transferred</b>
Student Support and Academic Enrichment Program	84.424	\$ 184
COVID-19 Education Stabilization Fund	84.425D	868

# OHIO AUDITOR OF STATE KEITH FABER



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

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

Greenon Local School District  
Clark County  
120 South Xenia Street  
Enon, Ohio 45323

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenon Local School District, Clark County, (the School District) as of and for the fiscal 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 May 24, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures 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 statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

May 24, 2022



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

Greenon Local School District  
Clark County  
120 South Xenia Street  
Enon, Ohio 45323

To the Board of Education:

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

We have audited Greenon 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 the Greenon Local School District's major federal program for the fiscal year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

***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 program 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 necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, Greenon Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal 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 the 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

May 24, 2022

**GREENON LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	COVID-19 Education Stabilization Fund (AL# 84.425D)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

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

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**GREENON LOCAL SCHOOL DISTRICT**

**CLARK 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 6/14/2022**

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](http://www.ohioauditor.gov)