



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GREEN LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

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SCIOTO COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Green Local School District  
Scioto County  
4070 Gallia Pike  
Franklin Furnace, Ohio 45629

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 Green Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2019, 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 Green Local School District, Scioto County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities 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 April 9, 2020, 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

April 9, 2020

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**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Green Local School District (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- Net position of governmental activities increased \$1,875,888.
- General revenues accounted for \$7,432,294 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,908,598 or 20 percent of total revenues of \$9,340,892.
- The School District had \$7,465,004 in expenses related to governmental activities; \$1,908,598 of these expenses was offset by program specific charges for services and sales and operating grants and contributions.

**USING THIS ANNUAL FINANCIAL REPORT**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

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

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

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

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

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

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**REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The analysis of the School District's funds begins on page 10. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major funds are the General Fund and the Bond Retirement Fund.

**Governmental Funds**

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds consist of a private purpose trust fund and an agency fund which are used to maintain financial activity of the School District's college scholarship donations and student managed activities. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

**THE SCHOOL DISTRICT AS A WHOLE**

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2019 compared to 2018.

Table 1  
 Net Position  
 Governmental Activities

	2019	2018
Assets:		
Current and Other Assets	\$ 7,273,709	\$ 5,832,477
Capital Assets, Net	2,884,018	1,993,706
Total Assets	10,157,727	7,826,183
Deferred Outflows of Resources:		
Pensions and OPEB	1,686,087	2,057,281
Total Deferred Outflows of Resources	1,686,087	2,057,281
Liabilities:		
Current and Other Liabilities	777,082	655,898
Long-Term Liabilities:		
Due Within One Year	47,472	10,261
Due in More than One Year:		
Net Pension Liabilities	6,024,635	6,494,934
OPEB Liabilities	711,634	1,511,922
Other Amounts	837,643	287,633
Total Liabilities	8,398,466	8,960,648
Deferred Inflows of Resources		
Pensions and OPEB	1,271,630	958,275
Property Taxes not Levied to Finance the Current Year	2,036,769	1,703,480
Total Deferred Inflows of Resources	3,308,399	2,661,755
Net Position:		
Net Investment in Capital Assets	2,180,414	1,984,466
Restricted	671,208	86,320
Unrestricted	(2,714,673)	(3,809,725)
Total Net Position	\$ 136,949	\$ (1,738,939)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net OPEB liability is another significant liability reported by the School District at June 30, 2019 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

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

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

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

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

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

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

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

Total net position of the School District as a whole increased in the amount of \$1,875,888. Current and other assets increased primarily due to an increase in cash on hand as of year end, taxes receivable, and net OPEB asset, which was partially offset by a decrease in intergovernmental receivable.

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

Capital assets increased due primarily to current year additions, which were partially offset by current year depreciation and deletions. Deferred outflows of resources decreased due to the pension and OPEB activity. Current and other liabilities increased primarily due to an increase in contracts payable, which was partially offset by a decrease in accounts payable. Long term liabilities decreased as a result of decreased pension and OPEB liabilities, which were partially offset by a new capital lease. Deferred inflows of resources increased primarily due to the pension and OPEB activity.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2019 and 2018.

Table 2  
Change in Net Position  
Governmental Activities

	2019	2018
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 651,796	\$ 586,760
Operating Grants and Contributions	1,256,802	1,192,928
Total Program Revenues	<u>1,908,598</u>	<u>1,779,688</u>
General Revenues:		
Grants and Entitlements, Not Restricted to Specific Programs	4,735,386	4,813,797
Gifts and Donations, Not Restricted to Specific Programs	350	-
Investment Earnings	69,122	5,377
Payments in Lieu of Taxes	104,084	104,717
Miscellaneous	186,820	125,206
Property Taxes	2,336,532	1,652,921
Total General Revenues	<u>7,432,294</u>	<u>6,702,018</u>
Total Revenues	9,340,892	8,481,706
Program Expenses		
Instruction		
Regular	2,520,533	1,342,502
Special	924,338	677,126
Vocational	1,000	3,098
Other	1,108,067	1,108,189
Support Services		
Pupils	237,116	100,381
Instructional Staff	152,598	104,814
Board of Education	106,857	111,086
Administration	527,343	260,982
Fiscal	264,845	222,203
Operation and Maintenance of Plant	653,810	641,166
Pupil Transportation	524,397	495,635
Operation of Non-Instructional Services	236,347	230,816
Extracurricular Activities	177,508	128,839
Interest and Fiscal Charges	12,845	-
Issuance Costs	17,400	-
Total Expenses	<u>7,465,004</u>	<u>5,426,837</u>
Increase in Net Position	1,875,888	3,054,869
Net Position at Beginning of Year	<u>(1,738,939)</u>	<u>(4,793,808)</u>
Net Position at End of Year	<u>\$ 136,949</u>	<u>\$ (1,738,939)</u>

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

**Governmental Activities**

Charges for services and sales increased due to increased monies received for tuition and fees. Property taxes increased due to the collection of additional tax levies.

Regular and special instruction and pupils and administration support services expense increased primarily due to pension and OPEB activity. Overall, expenses increased \$2,038,167, which is primarily due to changes in assumptions and benefits by the Statewide pension systems which caused pension expense to be negative in fiscal year 2018 and positive in fiscal year 2019, causing the appearance of a large increase in overall expenses.

Grants and entitlements, not restricted to specific programs comprised 51 percent of revenue for governmental activities, while property taxes comprised 25 percent. Charges for services and sales comprised 7 percent of revenue for governmental activities, while operating grants and contributions comprised 13 percent of revenue for governmental activities of the School District for fiscal year 2019.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 34 percent of governmental program expenses with Special Instruction and Other Instruction comprising 12 and 15 percent, respectively of governmental expenses.

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

Table 3  
 Total and Net Cost of Program Services  
 Governmental Activities

	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,553,938	\$ 3,219,066	\$ 3,130,915	\$ 1,884,210
Support Services	2,466,966	2,254,812	1,936,267	1,719,981
Operation of Non-Instructional Services	236,347	(3,333)	230,816	25,811
Extracurricular Activities	177,508	56,748	128,839	17,147
Interest and Fiscal Charges	12,845	11,713	-	-
Issuance Costs	17,400	17,400	-	-
<b>Total Expenses</b>	<b>\$ 7,465,004</b>	<b>\$ 5,556,406</b>	<b>\$ 5,426,837</b>	<b>\$ 3,647,149</b>

**THE SCHOOL DISTRICT'S FUNDS**

The fund balance of the General fund increased in the amount of \$45,113. The increase is due to revenues exceeding expenditures and other financing uses during the current fiscal year. The fund balance in the Bond Retirement Fund increased \$474,548. The increase is due to the creation of the fund as a result of a new tax levy being collected.

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

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**General Fund Budgeting Highlights**

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

The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. Final budget revenues increased in the amount of \$358,158 over original budget revenues. This increase is due to an increase in property taxes, interest, tuition and fees, and miscellaneous revenues. Final budget appropriations increased in the amount of \$448,605 above original appropriations. This increase is due to increases in administration, operation and maintenance of plant and capital outlay. The General fund's ending unobligated cash balance was \$3,490,206.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2019, the School District had \$2,884,018 invested in its capital assets. Table 4 shows the fiscal year 2019 balances compared to 2018.

Table 4  
 Capital Assets  
 (Net of Accumulated Depreciation)

Governmental Activities		
	2019	2018
Land and Land Improvements	\$ 618,671	\$ 222,070
Construction in Process	0	31,888
Buildings and Improvements	1,635,670	1,110,483
Furniture and Equipment	390,797	349,467
Vehicles	192,968	233,222
Textbooks	45,912	46,576
Totals	\$ 2,884,018	\$ 1,993,706

Changes in capital assets from the prior year resulted from the current year additions, which were partially offset by deletions and depreciation expense. See Note 8 to the basic financial statements for more detailed information related to capital assets.

**Debt**

At June 30, 2019, the School District had an outstanding loan in the amount of \$6,072 and on outstanding capital lease in the amount of \$540,000. See Note 13 to the basic financial statements for more detailed information related to the other long-term obligations.

**CURRENT FINANCIAL ISSUES**

On July 11, 2019, the Ohio Facilities Construction Commission approved \$17,069,809 in State funding for construction of new facilities for the School District.

On August 14, 2019, the School District issued Series 2019 School Facilities Construction and Improvement Bonds in the total amount of \$9,500,000. The issuance consisted of \$625,000 Serial Bonds maturing in 2019 and 2020 at an interest rate of 5.0% and \$8,875,000 Term Bonds maturing at various intervals from 2033 to 2055 at an interest rate of 3.0%.

**Green Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2019*  
*(Unaudited)*

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

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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



**Green Local School District**  
*Statement of Net Position*  
*June 30, 2019*

	Governmental Activities
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 4,280,698
Accounts Receivable	1,924
Intergovernmental Receivable	66,471
Prepaid Items	4,429
Taxes Receivable	2,584,887
Noncurrent Assets:	
Non-Depreciable Capital Assets	527,263
Depreciable Capital Assets, net	2,356,755
Net OPEB Asset	335,300
<i>Total Assets</i>	<i>10,157,727</i>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Pensions and OPEB:	
State Teachers Retirement System	1,330,633
School Employees Retirement System	355,454
<i>Total Deferred Outflows of Resources</i>	<i>1,686,087</i>
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	21,675
Accrued Wages and Benefits Payable	497,188
Contracts Payable	157,532
Intergovernmental Payable	100,687
Non-Current Liabilities:	
Due Within One Year	47,472
Due in More Than One Year	
Net Pension Liability (See Note 10)	6,024,635
Net OPEB Liability (See Note 11)	711,634
Other Amounts Due in More Than One Year	837,643
<i>Total Liabilities</i>	<i>8,398,466</i>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Pensions and OPEB:	
State Teachers Retirement System	1,125,979
School Employees Retirement System	145,651
Property Taxes not Levied to Finance Current Year Operations	2,036,769
<i>Total Deferred Inflows of Resources</i>	<i>3,308,399</i>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	2,180,414
Restricted for Debt Service	582,449
Restricted for Capital Outlay	39,110
Restricted for Other Purposes	49,649
Unrestricted	(2,714,673)
<i>Total Net Position</i>	<i>\$ 136,949</i>

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

**Green Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$ 2,520,533	\$ 201,523	\$ 117,584	\$ (2,201,426)
Special	924,338	34,711	833,599	(56,028)
Vocational	1,000	53	49,803	48,856
Other	1,108,067	97,599	-	(1,010,468)
<b>Support Services:</b>				
Pupils	237,116	20,862	180	(216,074)
Instructional Staff	152,598	13,467	-	(139,131)
Board of Education	106,857	9,418	-	(97,439)
Administration	527,343	46,467	-	(480,876)
Fiscal	264,845	22,458	-	(242,387)
Operation and Maintenance of Plant	653,810	56,824	514	(596,472)
Pupil Transportation	524,397	41,964	-	(482,433)
Operation of Non-Instructional Services	236,347	35,993	203,687	3,333
Extracurricular Activities	177,508	69,325	51,435	(56,748)
Interest and Fiscal Charges	12,845	1,132	-	(11,713)
Issuance Costs	17,400	-	-	(17,400)
<b>Total Governmental Activities</b>	<b>\$ 7,465,004</b>	<b>\$ 651,796</b>	<b>\$ 1,256,802</b>	<b>(\$5,556,406)</b>
<b>General Revenues:</b>				
Property Taxes Levied for:				
General Purposes				1,694,720
Classroom Facilities				37,855
Debt Service				566,102
Capital Improvements				37,855
Grants and Entitlements not Restricted to Specific Programs				4,735,386
Gifts and Donations not Restricted to Specific Programs				350
Investment Earnings				69,122
Payments in Lieu of Taxes				104,084
Miscellaneous				186,820
<b>Total General Revenues</b>				<b>7,432,294</b>
<b>Change in Net Position</b>				<b>1,875,888</b>
<b>Net Position Beginning of Year</b>				<b>(1,738,939)</b>
<b>Net Position End of Year</b>				<b>\$ 136,949</b>

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

**Green Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2019*

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,636,951	\$ 416,872	\$ 226,875	\$ 4,280,698
Accounts Receivable	1,924	-	-	1,924
Interfund Receivable	409	11,461	1,528	13,398
Intergovernmental Receivable	33,214	-	33,257	66,471
Prepaid Items	4,429	-	-	4,429
Taxes Receivable	1,978,994	511,036	94,857	2,584,887
<i>Total Assets</i>	<u>\$ 5,655,921</u>	<u>\$ 939,369</u>	<u>\$ 356,517</u>	<u>\$ 6,951,807</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 21,675	\$ -	\$ -	\$ 21,675
Accrued Wages and Benefits	402,443	-	94,745	497,188
Contracts Payable	33,360	-	124,172	157,532
Interfund Payable	12,989	-	409	13,398
Intergovernmental Payable	87,930	-	12,757	100,687
<i>Total Liabilities</i>	<u>558,397</u>	<u>-</u>	<u>232,083</u>	<u>790,480</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Property Taxes not Levied to Finance Current Year Operations	1,605,810	356,920	74,039	2,036,769
Unavailable Revenue - Delinquent Taxes	297,547	107,901	14,386	419,834
<i>Total Deferred Inflows of Resources</i>	<u>1,903,357</u>	<u>464,821</u>	<u>88,425</u>	<u>2,456,603</u>
<b>FUND BALANCES:</b>				
Nonspendable	4,429	-	-	4,429
Restricted	-	474,548	74,375	548,923
Committed	97,120	-	-	97,120
Assigned	51,512	-	-	51,512
Unassigned	3,041,106	-	(38,366)	3,002,740
<i>Total Fund Balances</i>	<u>3,194,167</u>	<u>474,548</u>	<u>36,009</u>	<u>3,704,724</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 5,655,921</u>	<u>\$ 939,369</u>	<u>\$ 356,517</u>	<u>\$ 6,951,807</u>

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

**Green Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2019*

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<b>Total Governmental Fund Balances</b>		\$3,704,724
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,884,018
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	419,834	
Total	419,834	419,834
The net pension and OPEB liability (asset) is not due and payable (receivable) in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions and OPEB	1,686,087	
Net OPEB Asset	335,300	
Deferred inflows of resources related to pensions and OPEB	(1,271,630)	
Net Pension Liability	(6,024,635)	
Net OPEB Liability	(711,634)	(5,986,512)
Long-term liabilities, including a loan, capital lease, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(339,043)	
Loan	(6,072)	
Capital Lease Obligations	(540,000)	
Total		(885,115)
<b>Net Position of Governmental Activities</b>		<b>\$ 136,949</b>

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

**Green Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2019*

	General Fund	Bond Retirement Fund	All Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 1,724,714	\$ 458,201	\$ 61,324	\$ 2,244,239
Intergovernmental	5,144,154	11,461	852,505	6,008,120
Interest	66,772	2,074	276	69,122
Tuition and Fees	545,872	-	-	545,872
Extracurricular Activities	10,594	-	59,185	69,779
Gifts and Donations	350	-	1,272	1,622
Customer Sales and Services	-	-	36,145	36,145
Payments in Lieu of Taxes	90,866	11,662	1,556	104,084
Miscellaneous	186,820	-	-	186,820
<i>Total Revenues</i>	<u>7,770,142</u>	<u>483,398</u>	<u>1,012,263</u>	<u>9,265,803</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,773,492	-	134,375	2,907,867
Special	567,987	-	535,066	1,103,053
Vocational	599	-	-	599
Other	1,107,377	-	-	1,107,377
<b>Support Services:</b>				
Pupils	297,567	-	207	297,774
Instructional Staff	174,913	-	-	174,913
Board of Education	107,084	-	-	107,084
Administration	618,549	-	-	618,549
Fiscal	253,864	8,850	1,180	263,894
Operation and Maintenance of Plant	653,645	-	-	653,645
Pupil Transportation	478,688	-	-	478,688
Operation of Non-Instructional Services	57	-	232,646	232,703
Extracurricular Activities	135,374	-	59,089	194,463
Capital Outlay	532,811	-	522,600	1,055,411
<b>Debt Service:</b>				
Principal	3,168	-	-	3,168
Interest	12,845	-	-	12,845
Issuance costs	-	-	17,400	17,400
<i>Total Expenditures</i>	<u>7,718,020</u>	<u>8,850</u>	<u>1,502,563</u>	<u>9,229,433</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>52,122</u>	<u>474,548</u>	<u>(490,300)</u>	<u>36,370</u>
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Transfers In	-	-	7,009	7,009
Transfers Out	(7,009)	-	-	(7,009)
Inception of Capital Lease	-	-	540,000	540,000
<i>Total Other Financing Sources and (Uses)</i>	<u>(7,009)</u>	<u>-</u>	<u>547,009</u>	<u>540,000</u>
<i>Net Change in Fund Balances</i>	45,113	474,548	56,709	576,370
<i>Fund Balance at Beginning of Year</i>	<u>3,149,054</u>	<u>-</u>	<u>(20,700)</u>	<u>3,128,354</u>
<i>Fund Balance at End of Year</i>	<u>\$ 3,194,167</u>	<u>\$ 474,548</u>	<u>\$ 36,009</u>	<u>\$ 3,704,724</u>

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

**Green Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2019*

**Net Change in Fund Balances - Total Governmental Funds** \$576,370

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	1,073,904	
Current Year Depreciation	(183,592)	
<b>Total</b>	<b>890,312</b>	<b>890,312</b>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	92,293	
Intergovernmental	(17,204)	
<b>Total</b>	<b>75,089</b>	<b>75,089</b>

Proceeds from the inception of capital lease in the statement of revenues, expenditures and changes in fund balances that are reported as other financing sources are not reported as revenues in the statement of activities. (540,000)

Repayment of loans are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities. 3,168

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 541,567

Except for amounts reported as deferred inflows/outflows, changes in the net pension and net OPEB liability (asset) are reported as pension/OPEB expense (gain) in the statement of activities. 379,771

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

Increase in Compensated Absences	(50,389)	
<b>Total</b>	<b>(50,389)</b>	<b>(50,389)</b>

**Net Change in Net Position of Governmental Activities** **\$1,875,888**

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

**Green Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual*  
*(Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Financing Sources	\$ 7,481,292	\$ 7,839,450	\$ 7,839,450	\$ -
Total Expenditures and Other Financing Uses	<u>7,395,151</u>	<u>7,843,756</u>	<u>7,844,081</u>	<u>(325)</u>
Net Change in Fund Balance	86,141	(4,306)	(4,631)	(325)
Fund Balance, July 1, 2018	3,399,127	3,399,127	3,399,127	-
Prior Year Encumbrances Appropriated	<u>95,710</u>	<u>95,710</u>	<u>95,710</u>	<u>-</u>
Fund Balance, June 30, 2019	<u>\$ 3,580,978</u>	<u>\$ 3,490,531</u>	<u>\$ 3,490,206</u>	<u>\$ (325)</u>

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

**Green Local School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2019*

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	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS:</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 8,473</u>	<u>\$ 11,740</u>
<b>LIABILITIES:</b>		
Undistributed Monies	<u>-</u>	<u>\$ 11,740</u>
<b>NET POSITION:</b>		
Held in Trust for Scholarships	<u>8,473</u>	
<i>Total Net Position</i>	<u>\$ 8,473</u>	

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



**Green Local School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2019*

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	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS:</b>	
Gifts and Contributions	<u>\$ 6,100</u>
<i>Total Additions</i>	6,100
<b>DEDUCTIONS:</b>	
Payments in Accordance with Trust Agreements	<u>7,500</u>
Change in Net Position	(1,400)
<i>Net Position Beginning of Year</i>	<u>9,873</u>
<i>Net Position End of Year</i>	<u><u>\$ 8,473</u></u>

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

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**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

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

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Scioto County, and includes all of Green Township. It is staffed by 26 non-certificated employees and 51 certificated full-time teaching personnel who provide services to 600 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

*Reporting Entity:*

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

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

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

- \* Boosters Clubs
- \* Parent Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association (META), the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, the Optimal Health Initiatives Consortium, and the Ohio School Comp Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

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

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

**A. Basis Of Presentation - Fund Accounting**

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

*Government-wide Financial Statements:*

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

*Fund Financial Statements:*

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

**B. Fund Accounting**

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

**Governmental Funds**

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

**General Fund**

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

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

**Bond Retirement Fund**

The Bond Retirement Fund is a fund provided for the retirement of serial bonds and short term notes and loans. 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 other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's fiduciary funds consist of a private purpose trust fund and an agency fund which are used to maintain financial activity of the School District's college scholarship donations and student managed activities.

**Measurement Focus**

*Government-wide Financial Statements* - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the presentation of expenses versus expenditures, the recording of deferred inflows/outflows of resources related to delinquent taxes, pensions, other postemployment benefits, and the recording of net pension and other postemployment benefit liabilities.

**Revenues – Exchange and Non-exchange Transactions**

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

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

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

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

**Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits. The deferred outflows of resources related to pension and other postemployment benefits are explained in Note 10 and Note 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, other postemployment benefits, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and other postemployment benefits are reported on the government-wide statement of net position. (See Note 10 and Note 11)

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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

**C. Budgetary Process**

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate in effect when the final appropriations for the fiscal year were passed.

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

**D. Cash and Cash Equivalents**

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

During fiscal year 2019, the School District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio) and a Money Market Account. STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2019 amounted to \$66,772 for the General Fund and \$2,074 in the Debt Service Fund, and \$276 for All Other Governmental Funds.

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

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

**E. Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

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

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

**F. Compensated Absences**

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

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

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

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

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.



**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

**H. Fund Balance**

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

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

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

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

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

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

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

**I. Estimates**

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

**J. Net Position**

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services, and extracurricular activities.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

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

Of the School District's \$671,208 in restricted net position, none is restricted by enabling legislation.

**K. Interfund Transactions**

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

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

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

**M. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**N. Issuance Costs**

On the government-wide financial statements, issuance costs are recorded as expenses. Issuance costs are recognized as expenditures on the fund financial statements.

**NOTE 3 – ACCOUNTABILITY**

At June 30, 2019, the Lunchroom, Preschool, Title VI-B, Title I, and the Title II-A Special Revenue Funds had fund balance deficits of \$16,451, \$2,837, \$271, \$13,790, and \$5,017, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance for governmental fund types (GAAP basis); and
4. Budgetary revenues and expenditures of the Public School Support Fund and Termination Benefits Fund are reclassified to the General Fund for GAAP reporting.

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

Net Change in Fund Balance	
GAAP Basis	\$ 45,113
Revenue Accruals	80,185
Expenditure Accruals	(87,707)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	3,929
Encumbrances	<u>(46,151)</u>
Budget Basis	<u><u>\$ (4,631)</u></u>

**NOTE 5 - 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 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.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

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

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

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

***Deposits*** Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$14,937 of the School District's bank balance of \$570,425 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured;  
or

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments** The School District's investments in STAROhio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

Measurement/Investment	Measurement Amount	Maturity
Fair Value/Money Market	\$ 117,157	< 1 Year
Cost/STAROhio	3,653,747	< 30 days
	\$ 3,770,904	

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2019. The School District's investment measured at fair value is valued using quoted market prices (Level 1 inputs).

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

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to STAROhio and a Money Market account. Investments in STAR Ohio and the Money Market account were rated AAAM by Standard & Poor's.

**Concentration of credit risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does have an investment policy which allows investments as outlined in the sections of Chapter 135 of the Ohio Revised Code, at a price not exceeding their fair market value. The School District has invested 3 percent in Money Markets and 97 percent in STAROhio.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

**NOTE 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 distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 6 - PROPERTY TAXES** (continued)

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected in 2019 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which fiscal year 2019 taxes were collected are:

	2018 Second- Half Collections		2019 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 65,208,960	79.04%	\$ 67,968,600	78.51%
Public Utility	17,290,800	20.96%	18,603,250	21.49%
Total Assessed Value	\$ 82,499,760	100.00%	\$ 86,571,850	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$ 25.07		 \$ 33.57	

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2019, was \$75,637 in the General Fund., \$46,215 in the Bond Retirement Fund, and \$6,432 in All Other Governmental Funds.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2019, consisted of accounts, interfund, taxes, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

**NOTE 7 - RECEIVABLES** (continued)

	Amount
General Fund	\$ 33,214
Non-Major Special Revenue Funds:	
Lunch Room	3,957
Early Childhood Education	3,585
Preschool	4,132
Title VI-B	16,278
Title I	5,305
Total Non-Major Special Revenue Funds	33,257
Total All Funds/Governmental Activities	\$ 66,471

**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2019, was as follows:

	Ending Balance 6/30/2018	Additions	Deletions	Ending Balance 6/30/2019
Capital Assets, Not Being Depreciated				
Construction in Process	\$ 31,888	\$ -	\$ 31,888	\$ -
Land	122,565	404,698	-	527,263
Total Capital Assets, Not Being Depreciated	154,453	404,698	31,888	527,263
Capital Assets, Being Depreciated				
Land Improvements	395,170	-	-	395,170
Buildings and Improvements	5,089,174	601,044	-	5,690,218
Furniture and Equipment	1,625,472	100,050	-	1,725,522
Vehicles	665,268	-	-	665,268
Textbooks	470,963	-	-	470,963
Total Capital Assets, Being Depreciated	8,246,047	701,094	-	8,947,141
Less Accumulated Depreciation				
Land Improvements	(295,665)	(8,097)	-	(303,762)
Buildings and Improvements	(3,978,691)	(75,857)	-	(4,054,548)
Furniture and Equipment	(1,276,005)	(58,720)	-	(1,334,725)
Vehicles	(432,046)	(40,254)	-	(472,300)
Textbooks	(424,387)	(664)	-	(425,051)
Total Accumulated Depreciation	(6,406,794)	(183,592)	-	(6,590,386)
Total Capital Assets, Being Depreciated, Net	1,839,253	517,502	-	2,356,755
Governmental Activities Capital Assets, Net	\$ 1,993,706	\$ 922,200	\$ 31,888	\$ 2,884,018

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 8 - CAPITAL ASSETS** (continued)

Depreciation expense was charged to government functions as follows:

Regular Instruction	\$	98,938
Special Instruction		163
Vocational Instruction		401
Other Instruction		690
S.S. Administration		122
S.S. Operation and Maintenance of Plant		27,566
S.S. Pupil Transportation		48,267
Operation of Non-Instructional Services		4,078
Extracurricular Activities		3,367
		\$ 183,592

The School District’s capital assets reported above include \$4,387,092 in fully depreciated assets that are still owned or being utilized by the School District.

**NOTE 9 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the School District contracted with Governmental Underwriters of America for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)		\$22,057,309
Earthquake (\$25,000 deductible)		1,000,000
Computer Equipment (\$1,000 deductible)		500,000
Automobile Liability		1,000,000
Uninsured Motorists		1,000,000
General Liability		
Per occurrence		1,000,000
Total per year		3,000,000

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

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 15), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

For fiscal year 2019, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.



**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension 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 and OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

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

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

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

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, 13.5% was designated to pension, death benefits, and Medicare B. There was 0.5% allocated to the Health Care Fund for fiscal year 2019.

The School District’s contractually required contribution to SERS was \$124,697 for fiscal year 2019. Of this amount \$9,412 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$367,107 for fiscal year 2019. Of this amount \$67,076 is reported as an intergovernmental payable.

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

The net pension liability reported as of June 30, 2019 was measured as of June 30, 2018, 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:

**Green Local School District**  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability - Current Year	0.0250841%	0.02086626%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.0255679%</u>	<u>0.02091039%</u>	
Change in Proportionate Share	<u>-0.0004838%</u>	<u>-0.00004413%</u>	
Proportion of the Net Pension Liability	\$1,436,613	\$4,588,022	\$6,024,635
Pension Expense (Gain)	\$111,391	\$203,696	\$315,087

At June 30, 2019, 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 economic experience	\$78,789	\$105,906	\$184,695
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	47,892	-	47,892
Changes of assumptions	32,442	813,084	845,526
School District contributions subsequent to the measurement date	<u>146,242</u>	<u>372,480</u>	<u>518,722</u>
Total	<u>\$305,365</u>	<u>\$1,291,470</u>	<u>\$1,596,835</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual economic experience	\$0	\$29,963	\$29,963
Differences between projected and actual investment earnings	39,804	278,213	318,017
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>34,418</u>	<u>288,240</u>	<u>322,658</u>
Total	<u>\$74,222</u>	<u>\$596,416</u>	<u>\$670,638</u>

\$518,722 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	\$99,194	\$186,234	\$285,428
2021	45,060	195,884	240,944
2022	(47,147)	544	(46,603)
2023	(12,206)	(60,088)	(72,294)
Total	\$84,901	\$322,574	\$407,475

**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, 2018, are presented below:

Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Inflation	3.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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 were 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.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions - SERS** (continued)

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

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$2,023,578	\$1,436,613	\$944,482

**Assumptions and Benefit Changes Since the Prior Measurement Date** - With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Payroll Increases	3.0%
Investment Rate of Return	7.45 percent, net of investment expenses
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0%

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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 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 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	<u>1.00</u>	2.25 %
Total	<u><u>100.00 %</u></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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions – STRS** (continued)

**Discount Rate** The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

**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 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$6,700,202	\$4,588,022	\$2,800,348

**Assumptions and Benefit Changes Since the Prior Measurement Date** - There were no changes in assumptions or benefit terms since the prior measurement date.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2019, none of the members of the Board of Education had elected Social Security. The Board’s liability is 6.2 percent of wages paid.

**NOTE 11 – DEFINED BENEFIT OPEB PLANS**

See Note 10 for a description of the net OPEB liability (asset).

**School Employees Retirement System**

**Health Care Plan Description** - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS’ health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS’ website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.



**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS** (continued)

**School Employees Retirement System** (continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the School District's surcharge obligation was \$17,431.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$22,048 for fiscal year 2019. Of this amount, \$17,767 is reported as an intergovernmental payable.

**State Teachers Retirement System**

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, 2020. 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.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

**Green Local School District**  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS** (continued)

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

The net OPEB (asset) liability was measured as of June 30, 2018, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB (asset) liability 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion Share of the Net OPEB Liability (Asset) - Current Year	0.02565120%	0.02086626%	
Proportion Share of the Net OPEB Liability (Asset) - Prior Year	<u>0.02593680%</u>	<u>0.02091039%</u>	
Change in Proportionate Share	<u>-0.00028560%</u>	<u>-0.00004413%</u>	
Proportionate Share of the Net OPEB Liability	\$711,634	\$0	\$711,634
Proportionate Share of the Net OPEB Asset	\$0	(\$335,300)	(\$335,300)
OPEB Expense (Gain)	\$35,316	(\$730,174)	(\$694,858)

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Deferred Outflows of Resources</b>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$11,616	\$39,163	\$50,779
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	15,628	0	15,628
School District contributions subsequent to the measurement date	<u>22,845</u>	<u>0</u>	<u>22,845</u>
Total	<u>\$50,089</u>	<u>\$39,163</u>	<u>\$89,252</u>
<b>Deferred Inflows of Resources</b>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$0	\$19,536	\$19,536
Differences between projected and actual investment earnings	1,067	38,305	39,372
Changes of assumptions	63,935	456,872	520,807
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>6,427</u>	<u>14,850</u>	<u>21,277</u>
Total	<u>\$71,429</u>	<u>\$529,563</u>	<u>\$600,992</u>

**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 11 – DEFINED BENEFIT OPEB PLANS** (continued)

**Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)** (continued)

\$22,845 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 (adjustment to net OPEB asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	(\$18,329)	(\$88,059)	(\$106,388)
2021	(14,779)	(88,059)	(102,838)
2022	(3,540)	(88,060)	(91,600)
2023	(3,085)	(79,358)	(82,443)
2024	(3,159)	(76,307)	(79,466)
Thereafter	(1,293)	(70,557)	(71,850)
Total	(\$44,185)	(\$490,400)	(\$534,585)

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

**Green Local School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)**

**Actuarial Assumptions – SERS (continued)**

Valuation Date	June 30, 2018
Actuarial Assumptions Experience Study Date	5 year period ended June 30, 2015
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation
Price Inflation	3.00%
Salary increases, including price inflation	3.50% - 18.20%
Municipal Bond Index Rate	
Prior Measurement Date	3.56%
Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Prior Measurement Date	3.63%
Measurement Date	3.70%
Medical Trend Assumption	
Pre-Medicare	7.25% - 4.75%
Medicare	5.375% - 4.75%

Mortality Assumptions - 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 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.

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

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

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 11 – DEFINED BENEFIT OPEB PLANS** (continued)

**Actuarial Assumptions – SERS** (continued)

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. 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 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. 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 (2.70%) and higher (4.70%) than the current discount rate (3.70%).

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
School District's proportionate share of the net OPEB liability	\$863,511	\$711,634	\$591,375

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$574,158	\$711,634	\$893,676

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 11 – DEFINED BENEFIT OPEB PLANS** (continued)

**Actuarial Assumptions – SERS** (continued)

**Assumptions and Benefit Changes Since the Prior Measurement Date** - The following changes in key methods and assumptions as presented below:

- (1) Discount Rate:
 

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:
 

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 

Prior Measurement Date	3.63%
Measurement Date	3.70%

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45%	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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

**Mortality Rates** — 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.

**Experience Studies** — Actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 11 – DEFINED BENEFIT OPEB PLANS** (continued)

**Actuarial Assumptions – STRS** (continued)

Investment Return Assumptions —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 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 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 Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** — The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. 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 of 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) liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

**Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The following table represents the net OPEB liability (asset) as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OEPB (asset) 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 assumption. Also shown is the net OPEB (asset) liability 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.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 11 – DEFINED BENEFIT OPEB PLANS** (continued)

**Actuarial Assumptions – STRS** (continued)

	1% Decrease in Discount Rate <u>(6.45%)</u>	Current Discount Rate <u>(7.45%)</u>	1% Increase in Discount Rate <u>(8.45%)</u>
School District's proportionate share of the net OPEB (asset) liability	(\$287,383)	(\$335,300)	(\$375,571)

  

	1% Decrease in Trend Rates <u></u>	Current Trend Rate <u></u>	1% Increase in Trend Rates <u></u>
School District's proportionate share of the net OPEB (asset) liability	(\$373,298)	(\$335,300)	(\$296,709)

**Assumption Changes Since the Prior Measurement Date** - 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)*. Valuation year per capita health care costs were updated.

**Benefit Term Changes Since the Prior Measurement Date** - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for classified personnel and 275 days for certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56.5 days for classified and 64 days for certified personnel.

**B. Insurance Benefits**

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

**C. Deferred Compensation**

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



**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

**NOTE 13 - LONG-TERM LIABILITIES**

The changes in the School District's long-term liabilities during fiscal year 2019 were as follows:

	Principal Outstanding 06/30/18	Additions	Deductions	Principal Outstanding 06/30/19	Due in One Year
Compensated Absences	\$ 288,654	\$ 411,544	\$ 361,155	\$ 339,043	\$ 4,304
Net Pension Liability:					
STRS	4,967,308	-	379,286	4,588,022	-
SERS	1,527,626	-	91,013	1,436,613	-
Total Net Pension Liability	<u>6,494,934</u>	<u>-</u>	<u>470,299</u>	<u>6,024,635</u>	<u>-</u>
Net OPEB Liability:					
STRS	815,846	-	815,846	-	*
SERS	696,076	15,558	-	711,634	-
Total OPEB Liability	<u>1,511,922</u>	<u>15,558</u>	<u>815,846</u>	<u>711,634</u>	<u>-</u>
Loan	9,240	-	3,168	6,072	3,168
Capital Lease	-	540,000	-	540,000	40,000
Total Long-Term Obligations	<u>\$ 8,304,750</u>	<u>\$ 967,102</u>	<u>\$ 1,650,468</u>	<u>\$ 7,621,384</u>	<u>\$ 47,472</u>

\* OPEB for STRS has a Net OPEB asset in the amount of \$335,300 as of June 30, 2019.

Compensated absences will be paid from the fund in which the employees' salaries are paid, with the most significant fund being the General Fund.

In May 2016, the School District signed a loan in the amount of \$15,840 for the purchase of a mower. The loan was issued at a 0% interest rate with a final payment due in 2021. The loan is being paid from the General Fund.

The School District's overall legal debt margin was \$8,266,015 with an unvoted debt margin of \$86,572 at June 30, 2019.

Principal and interest requirements to retire loans outstanding at June 30, 2019 are as follows:

Fiscal Year Ending June 30,	Principal
2020	\$3,168
2021	2,904
Total	<u>\$6,072</u>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

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

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$32,810 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

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

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

**NOTE 15 - PUBLIC ENTITY SHARED RISK POOL AND INSURANCE PURCHASING POOL**

*Optimal Health Initiatives Consortium*

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

*Ohio SchoolComp Workers' Compensation Group Rating Plan*

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

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2018	\$ 72,336
Current Year Set-aside Requirement	104,900
Current Year Offsets	(56,446)
Current Year Qualifying Expenditures	<u>(120,790)</u>
Set-aside Reserve Balance as of June 30, 2019	<u><u>\$ -</u></u>

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$0 at June 30, 2019.

**NOTE 17 - 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, 2019, if applicable, cannot be determined at this time.

**B. Litigation**

As of June 30, 2019, the School District is not currently party to any legal proceedings.

**C. Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2019 Foundation funding for the School District and does not anticipate any further FTE adjustments for FY2019.

**NOTE 18 – INTERFUND ACTIVITY**

***Transfers***

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. In 2019, the General fund transferred monies to the Lunchroom Non-major Special Revenue Fund in the amount of \$7,009.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

**NOTE 18 – INTERFUND ACTIVITY** (continued)

***Interfund Advances***

Interfund balances at June 30, 2019, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2020 fiscal year:

Interfund Loans	Receivable	Payable
Major Funds:		
General Fund	\$409	\$12,989
Bond Retirement Fund	11,461	0
Non-major Funds:		
Early Childhood Services	0	409
Permanent Improvement	764	0
Classroom Facilities	764	0
Total Non-major Funds	1,528	409
Total All Funds	\$13,398	\$13,398

The amounts due to the General fund are the result of the School District moving unrestricted monies to support grants. The General fund will be reimbursed when funds become available in the special revenue fund. The amounts owed to the Bond Retirement Fund and the Non-major Funds are for Homestead and Rollback monies.

**NOTE 19 – FUND BALANCES**

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Prepaid Items	\$ 4,429	\$ -	\$ -	\$ 4,429
<b>Restricted for</b>				
Other Purposes	-	-	4	4
Classroom Maintenance	-	-	31,752	31,752
Athletics	-	-	10,702	10,702
Debt Services Payments	-	474,548	-	474,548
Capital Improvements	-	-	31,917	31,917
Total Restricted	-	474,548	74,375	548,923
<b>Committed to</b>				
Termination Benefits	97,120	-	-	97,120
Total Committed	97,120	-	-	97,120
<b>Assigned to</b>				
Other Purposes	51,512	-	-	51,512
Total Assigned	51,512	-	-	51,512
<b>Unassigned (Deficit)</b>				
Total Fund Balances	\$ 3,041,106	\$ 474,548	\$ (38,366)	\$ 3,002,740
	\$ 3,194,167	\$ 474,548	\$ 36,009	\$ 3,704,724

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 20 – LEASE OBLIGATION**

During the current fiscal year, the School District entered into a lease for the purpose of constructing a bus garage. Capital assets under this lease have been capitalized in the amount \$601,044. The lease will be paid from the General Fund. The annual requirements to amortize the lease obligation outstanding as of June 30, 2019 are as follows:

Year Ending June 30	Amount
2020	\$56,432
2021	65,010
2022	63,430
2023	61,850
2024	65,191
2025-2029	319,095
Total	631,008
Less: Amount Representing Interest	(91,008)
Present Value of Net Minimum Lease Payments	\$ 540,000

**NOTE 21 – NEW ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2019, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations (AROs). The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the School District.

GASB Statement No. 88 establishes criteria to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the School District.

**NOTE 22 – SIGNIFICANT COMMITMENTS**

**A. Encumbrances**

At June 30, 2019, the School District had significant encumbrance commitments in governmental funds as follows:

Fund	Amount
Major Fund:	
General	\$43,151
Non-Major Fund:	
Bus Garage	124,172
Total Non-Major Fund	124,172
Total Encumbrances	\$167,323

**B. Contractual Commitments**

During 2018, the School District began a bus garage project. As of June 30, 2019, \$157,532 was owed on the contract to Mullins Construction.

**Green Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2019*

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**NOTE 23 – SUBSEQUENT EVENT**

On July 11, 2019, the Ohio Facilities Construction Commission approved \$17,069,809 in State funding for construction of new facilities for the School District.

On August 14, 2019, the School District issued Series 2019 School Facilities Construction and Improvement Bonds in the total amount of \$9,500,000. The issuance consisted of \$625,000 Serial Bonds maturing in 2019 and 2020 at an interest rate of 5.0% and \$8,875,000 Term Bonds maturing at various intervals from 2033 to 2055 at an interest rate of 3.0%.

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

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Six Years (1)*

	2019	2018	2017	2016	2015	2014
Total plan pension liability	\$ 19,997,700,966	\$ 19,588,417,687	\$ 19,770,708,121	\$ 18,503,280,961	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	14,270,515,748	13,613,638,590	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net pension liability	5,727,185,218	5,974,779,097	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.0250841%	0.0255679%	0.0243933%	0.0265039%	0.0249980%	0.0249980%
School District's proportionate share of the net pension liability	\$ 1,436,613	\$ 1,527,626	\$ 1,785,364	\$ 1,512,338	\$ 1,265,135	\$ 1,486,551
School District's covered payroll	\$ 839,919	\$ 824,586	\$ 757,564	\$ 797,883	\$ 726,400	\$ 865,434
School District's proportionate share of the net pension liability as a percentage of its covered payroll	171.04%	185.26%	235.67%	189.54%	174.17%	171.77%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.  
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Six Years (1)*

	2019	2018	2017	2016	2015	2014
Total plan pension liability	\$ 96,904,056,552	\$ 96,126,440,462	\$ 100,756,422,489	\$ 99,014,653,744	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	74,916,301,830	72,371,226,119	67,283,408,184	71,377,578,736	71,843,596,331	65,392,746,348
Net pension liability	21,987,754,722	23,755,214,343	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.02086626%	0.02091039%	0.02125800%	0.02178349%	0.02401380%	0.02401380%
School District's proportionate share of the net pension liability	\$ 4,588,022	\$ 4,967,308	\$ 7,115,693	\$ 6,020,319	\$ 5,840,987	\$ 6,957,746
School District's covered payroll	\$ 2,372,143	\$ 2,298,843	\$ 2,236,750	\$ 2,272,743	\$ 2,453,623	\$ 2,601,546
School District's proportionate share of the net pension liability as a percentage of its covered payroll	193.41%	216.08%	318.13%	264.89%	238.06%	267.45%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.  
Amounts presented as of the School District's measurement date which is the prior fiscal year.  
See accompanying notes to required supplementary information.



**Green Local School District**  
*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Years*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 124,697	\$ 113,389	\$ 115,442	\$ 106,059	\$ 105,161	\$ 100,679	\$ 119,776	\$ 137,280	\$ 118,194	\$ 121,833
Contributions in relation to the contractually required contribution	(124,697)	(113,389)	(115,442)	(106,059)	(105,161)	(100,679)	(119,776)	(137,280)	(118,194)	(121,833)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 923,681	\$ 839,919	\$ 824,586	\$ 757,564	\$ 797,883	\$ 726,400	\$ 865,434	\$ 1,020,669	\$ 940,286	\$ 899,801
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

See accompanying notes to required supplementary information.

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Years*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 367,107	\$ 332,100	\$ 321,838	\$ 313,145	\$ 318,184	\$ 318,971	\$ 338,201	\$ 310,389	\$ 321,869	\$ 330,277
Contributions in relation to the contractually required contribution	(367,107)	(332,100)	(321,838)	(313,145)	(318,184)	(318,971)	(338,201)	(310,389)	(321,869)	(330,277)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District covered payroll	\$ 2,622,193	\$ 2,372,143	\$ 2,298,843	\$ 2,236,750	\$ 2,272,743	\$ 2,453,623	\$ 2,601,546	\$ 2,387,608	\$ 2,475,915	\$ 2,540,592
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to required supplementary information.

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Three Years (1)*

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total plan OPEB liability	\$ 3,209,899,769	\$ 3,065,846,821	\$ 3,220,574,434
Plan net position	<u>435,629,637</u>	<u>382,109,560</u>	<u>370,204,515</u>
Net OPEB liability	2,774,270,132	2,683,737,261	2,850,369,919
School District's proportion of the net OPEB liability	0.02565120%	0.02593680%	0.02476550%
School District's proportionate share of the net OPEB liability	\$ 711,634	\$ 696,076	\$ 705,908
School District's covered payroll	\$ 839,919	\$ 824,586	\$ 757,564
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	84.73%	84.42%	93.18%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*State Teachers Retirement System of Ohio*  
*Last Three Years (1)*

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total plan OPEB liability	\$ 2,114,451,000	\$ 7,377,410,000	\$ 8,533,654,000
Plan net position	3,721,349,000	3,475,779,000	3,185,628,000
Net OPEB liability (asset)	(1,606,898,000)	3,901,631,000	5,348,026,000
School District's proportion of the net OPEB liability (asset)	0.02086626%	0.02091039%	0.02125800%
School District's proportionate share of the net OPEB liability (asset)	\$ (335,300)	\$ 815,846	\$ 1,136,883
School District's covered payroll	\$ 2,372,143	\$ 2,298,843	\$ 2,236,750
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.13%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available. Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions for OPEB*  
*School Employees Retirement System of Ohio*  
*Last Four Years (1)*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 22,048	\$ 18,958	\$ 14,096	\$ 12,727
Contributions in relation to the contractually required contribution	<u>(22,048)</u>	<u>(18,958)</u>	<u>(14,096)</u>	<u>(12,727)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 923,681	\$ 839,919	\$ 824,586	\$ 757,564
Contributions as a percentage of covered payroll	2.39%	2.26%	1.71%	1.68%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

**Green Local School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions for OPEB*  
*State Teachers Retirement System of Ohio*  
*Last Four Years (1)*

	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 2,622,193	\$ 2,372,143	\$ 2,298,843	\$ 2,236,750
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

## **Pension**

### **School Employees Retirement System (SERS)**

#### Changes in benefit terms

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

#### Changes in assumptions

2018-2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) 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,
- (7) 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
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

### **State Teachers Retirement System (STRS)**

#### Changes in benefit terms

2019: There were no changes in benefit terms from the amounts reported for this fiscal year.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

#### Changes in assumptions

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

**Pension (Continued)**

**State Teachers Retirement System (STRS) (Continued)**

Changes in assumptions (Continued)

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**OPEB**

**School Employees Retirement System (SERS)**

Changes in benefit terms

2017-2019: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%



**Green Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2019*

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**OPEB (Continued)**

**School Employees Retirement System (SERS) (Continued)**

Changes in assumptions

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) 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, and
- (7) 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.

**State Teachers Retirement System (STRS)**

Changes in benefit terms

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2019: 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). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**GREEN LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Grant Year</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2018-2019	\$ 0	\$ 10,001
Cash Assistance:				
School Breakfast Program	10.553	2018-2019	0	53,342
National School Lunch Program	10.555	2018-2019	0	128,036
Total Child Nutrition Cluster			<u>0</u>	<u>191,379</u>
Total U.S. Department of Agriculture			<u>0</u>	<u>191,379</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	2018	0	50,657
		2019	0	324,408
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>375,065</u>
Special Education Cluster:				
Special Education Grants to States	84.027	2018	0	18,878
		2019	0	129,920
Total Special Education Grants to States			<u>0</u>	<u>148,798</u>
Special Education Preschool Grants	84.173	2019	0	409
Total Special Education Cluster			<u>0</u>	<u>149,207</u>
Supporting Effective Instruction State Grants	84.367	2018	0	2,395
		2019	0	31,748
Total Supporting Effective Instruction State Grants			<u>0</u>	<u>34,143</u>
Student Support and Academic Enrichment Program	84.424	2019	0	17,998
<i>Direct Program</i>				
Rural Education	84.358	2019	0	8,737
Total U.S. Department of Education			<u>0</u>	<u>585,150</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$</u></u>	<u><u>\$ 776,529</u></u>

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

**GREEN LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Green Local School District (the School District's) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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SouthwestRegion@ohioauditor.gov

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

Green Local School District  
Scioto County  
4070 Gallia Pike  
Franklin Furnace, Ohio 45629

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 Green Local School District, Scioto County, (the School District) as of and for the year ended June 30, 2019, 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 April 9, 2020.

### ***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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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

April 9, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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## 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

Green Local School District  
Scioto County  
4070 Gallia Pike  
Franklin Furnace, Ohio 45629

To the Board of Education:

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

We have audited the Green Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Green Local School District's major federal program for the year ended June 30, 2019. 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 program.

### ***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 as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major 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, the Green 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 year ended June 30, 2019.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State

Columbus, Ohio

April 9, 2020



**GREEN LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2019**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

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

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**GREEN LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 28, 2020**