



OHIO AUDITOR OF STATE
KEITH FABER



**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY
JUNE 30, 2019**

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**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY
JUNE 30, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenon Local School District, Clark County, Ohio (the School District), as of and for the fiscal 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 Greenon Local School District, Clark County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal 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, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities/(asset) and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 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.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2020

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

The discussion and analysis of Greenon Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 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 performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Net position of governmental activities increased \$4,178,539 which represents a 46% increase from 2018.
- General revenues accounted for \$19,407,766 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,451,593 or 15% of total revenues of \$22,859,359.
- The School District had \$18,680,820 in expenses related to governmental activities; \$3,451,593 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$19,407,766 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and the Classroom Facilities Fund are the major funds of the School District.

Government-Wide Financial Statements

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows of resources and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The Statement of Net Position and Statement of Activities report the School District's net position and change in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the School District is presented as Governmental Activities – All of the School District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the School District's major funds are presented in the Fund Financial Statements. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

The School District as a Whole

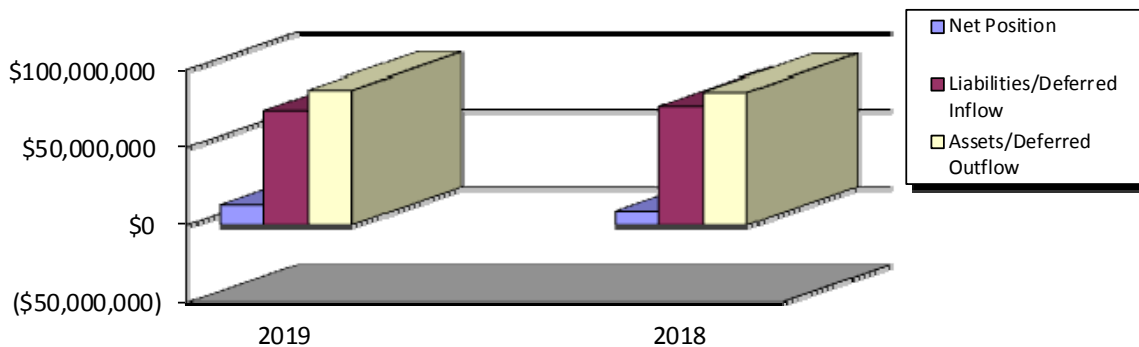
As stated previously, the Statement of Net Position looks at the School District as a whole. Table 1 provides a summary of the School District's net position for 2019 compared to 2018:

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

Table 1
Net Position

	Governmental Activities	
	2019	2018
Assets:		
Current and Other Assets	\$69,547,659	\$71,531,052
Net OPEB Asset	1,014,853	0
Capital Assets	11,677,622	8,035,398
Total Assets	82,240,134	79,566,450
Deferred Outflows of Resources:		
OPEB	209,973	202,783
Pension	4,764,319	6,202,736
Total Deferred Outflows of Resources	4,974,292	6,405,519
Liabilities:		
Other Liabilities	2,552,722	2,406,579
Long-Term Liabilities	58,599,356	63,380,540
Total Liabilities	61,152,078	65,787,119
Deferred Inflows of Resources:		
Revenue in Lieu of Taxes	66,308	52,233
Property Taxes	8,946,292	8,788,787
OPEB	1,927,877	562,099
Pension	1,936,715	1,775,114
Total Deferred Inflows of Resources	12,877,192	11,178,233
Net Position:		
Net Investment in Capital Assets	8,718,907	7,128,252
Restricted	17,867,315	16,118,802
Unrestricted	(13,401,066)	(14,240,437)
Total Net Position	\$13,185,156	\$9,006,617



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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the School District's assets and deferred outflows exceeded liabilities and deferred inflows by \$13,185,156.

At year-end, capital assets represented 14% of total assets. Capital assets include land, construction in progress, buildings and improvements, vehicles, furniture, equipment, and infrastructure. Net investment in capital assets at June 30, 2019, was \$8,718,907. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$17,867,315 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased from the prior year mainly due to an increase in capital assets. Long-term liabilities decreased due to a decrease in net pension liability and net other post employment benefits liability.

Table 2 shows the changes in net position for fiscal years 2019 and 2018.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,406,896	\$1,565,494
Operating Grants and Contributions	2,044,697	2,024,923
General Revenues:		
Property Taxes	10,452,822	10,333,465
Grants and Entitlements	6,990,533	6,823,447
Grants and Entitlements for Capital Construction	0	14,643,442
Investment Earnings	1,180,209	437,492
Other	784,202	344,650
Total Revenues	<u>22,859,359</u>	<u>36,172,913</u>
Program Expenses:		
Instruction	10,747,721	6,172,037
Support Services:		
Pupil and Instructional Staff	1,237,698	830,089
School Administration, General		
Administration, Fiscal and Business	1,592,157	1,015,433
Operations and Maintenance	1,028,797	665,108
Pupil Transportation	1,431,449	596,473
Central	148,484	139,471
Operation of Non-Instructional Services	604,482	437,819
Extracurricular Activities	569,966	435,853
Interest and Fiscal Charges	1,320,066	1,397,560
Total Program Expenses	<u>18,680,820</u>	<u>11,689,843</u>
Change in Net Position	4,178,539	24,483,070
Net Position - Beginning of Year	<u>9,006,617</u>	<u>(15,476,453)</u>
Net Position - End of Year	<u>\$13,185,156</u>	<u>\$9,006,617</u>

The School District revenues are mainly from two sources. Property taxes levied for general, special revenue, debt service and capital projects purposes, and grants and entitlements not restricted comprised 76% of the School District's revenues for governmental activities.

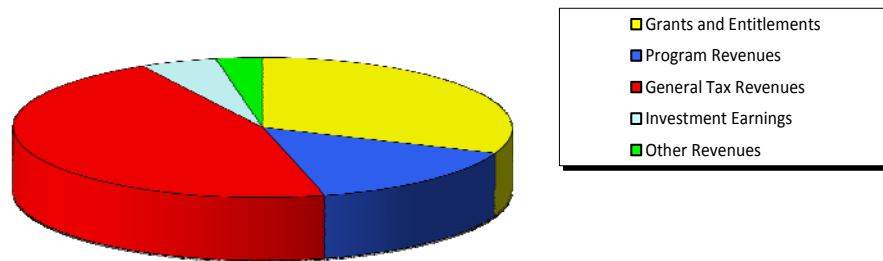
The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Greenon Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Thus Ohio School Districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 46% of revenue for governmental activities for the School District in fiscal year 2019.

Governmental Activities
Revenue Sources

	2019	Percentage
Grants and Entitlements	\$6,990,533	31%
Program Revenues	3,451,593	15%
General Tax Revenues	10,452,822	46%
Investment Earnings	1,180,209	5%
Other Revenues	784,202	3%
Total Revenue Sources	\$22,859,359	100%



Instruction comprises 58% of governmental program expenses. Support services expenses were 29% of governmental program expenses. All other expenses including interest expense were 13%. Interest expense was attributable to the outstanding loan and borrowing for capital projects.

The School District’s overall financial position improved from 2018 to 2019. Total revenues decreased from the prior year due to a decrease in grant revenues received for capital construction. Total expenses increased from the prior year due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. These services are mainly supported by tax revenue and unrestricted State entitlements.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$10,747,721	\$6,172,037	(\$8,180,171)	(\$3,466,893)
Support Services:				
Pupil and Instructional Staff	1,237,698	830,089	(1,237,698)	(829,407)
School Administration, General				
Administration, Fiscal and Business	1,592,157	1,015,433	(1,573,274)	(1,015,433)
Operations and Maintenance	1,028,797	665,108	(1,028,797)	(665,108)
Pupil Transportation	1,431,449	596,473	(1,416,327)	(582,363)
Central	148,484	139,471	(141,284)	(132,271)
Operation of Non-Instructional Services	604,482	437,819	53,566	215,516
Extracurricular Activities	569,966	435,853	(385,176)	(225,907)
Interest and Fiscal Charges	1,320,066	1,397,560	(1,320,066)	(1,397,560)
Total Expenses	<u>\$18,680,820</u>	<u>\$11,689,843</u>	<u>(\$15,229,227)</u>	<u>(\$8,099,426)</u>

The School District's Funds

The School District has two major governmental funds: the General Fund and the Classroom Facilities Fund. Assets of the General Fund comprised \$16,153,900 (23%) and the Classroom Facilities Fund comprised \$41,472,903 (59%) of the total \$69,705,619 governmental funds' assets.

General Fund: Fund balance at June 30, 2019 was \$7,005,626 including \$5,866,295 of unassigned balance. The School District had an increase in fund balance of \$549,466. This increase was primarily due to an increase in intergovernmental revenue.

Classroom Facilities Fund: Fund balance at June 30, 2019 was \$31,090,381 with a decrease in fund balance of \$56,107. The decrease in fund balance is due to an increase in capital outlay expenditures.

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 School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the School District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$16,521,532, unchanged from original budget estimates of \$16,521,532, while the actual revenue had a difference of \$1,100,115 from the final budget basis revenues due to the underestimation of taxes and intergovernmental revenue.

The School District's unobligated cash balance for the General Fund was \$6,979,632.

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the School District had \$11,677,622 invested in land, construction in progress, buildings and improvements, vehicles, furniture, equipment and infrastructure. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$84,740	\$84,740
Construction in Progress	4,646,959	809,392
Buildings and Improvements	4,891,562	4,958,948
Vehicles, Furniture, and Equipment	2,003,312	2,126,733
Infrastructure	51,049	55,585
Total Net Capital Assets	<u>\$11,677,622</u>	<u>\$8,035,398</u>

Total Net Capital Assets increased in 2019 as compared to 2018 because of the continuation of a construction project. See Note 8 to the Basic Financial Statements for further details on the School District's capital assets.

Debt

At June 30, 2019, the School District had \$37,875,190 in debt and capital leases outstanding, \$527,101 due within one year. Table 5 summarizes total debt outstanding.

Table 5
Outstanding Debt at Year End

	2019	2018
Outstanding Debt:		
2016 Energy Loan	\$364,978	\$411,612
2017A Classroom Facilities UTGO Bonds	29,040,000	29,500,000
Premium on 2017A Bond	1,775,249	1,824,561
2018 UTGO Bond	6,485,000	6,500,000
Premium on 2018 UTGO Bond	209,963	218,712
Capital lease obligations	0	11,870
Total Outstanding Debt at Year End	<u>\$37,875,190</u>	<u>\$38,466,755</u>

See Notes 13 and 14 to the Basic Financial Statements for further details on the School District's obligations.

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

For the Future

Local Funding

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

In November of 2018, the School District replaced two existing emergency levies of \$500K & \$1.2M with a continuing substitute levy that passed by a 50.38%/49.62% margin. The School District just replaced its remaining emergency levy of \$1.8M on November 5, 2019 with a continuing substitute levy that passed by a 52/48% margin. This has assisted in stabilizing the School District's financial position. The School District is proud of its community support of our public schools.

The School District's Administration is constantly exploring ways to eliminate/reduce future deficits. Greenon has shared services with its Treasurer Position since fiscal year 2012. The School District also shares Special Education Supervisor, Psychological Services and most recently mechanical service with Southeastern Local.

State Funding

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

Contacting the School District's Financial Management

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

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Greenon Local School District, Clark County, Ohio
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$45,982,329
Restricted Cash and Investments	70,306
Receivables (Net):	
Taxes	10,934,048
Accounts	134,863
Interest	68,267
Intergovernmental	12,309,576
Prepays	32,941
Inventory	15,329
Net OPEB Asset	1,014,853
Nondepreciable Capital Assets	4,731,699
Depreciable Capital Assets, Net	<u>6,945,923</u>
 Total Assets	 <u>82,240,134</u>
Deferred Outflows of Resources:	
Pension	4,764,319
OPEB	<u>209,973</u>
 Total Deferred Outflows of Resources	 <u>4,974,292</u>
Liabilities:	
Accounts Payable	21,919
Accrued Wages and Benefits	1,957,377
Contracts Payable	160,429
Retainage Payable	70,306
Accrued Interest Payable	342,691
Long-Term Liabilities:	
Due Within One Year	694,189
Due In More Than One Year:	
Net Pension Liability	17,758,153
Net OPEB Liability	1,909,641
Other Amounts	<u>38,237,373</u>
 Total Liabilities	 <u>61,152,078</u>
Deferred Inflows of Resources:	
Property Taxes	8,946,292
Revenue in Lieu of Taxes	66,308
Pension	1,936,715
OPEB	<u>1,927,877</u>
 Total Deferred Inflows of Resources	 <u>12,877,192</u>
Net Position:	
Net Investment in Capital Assets	8,718,907
Restricted for:	
Debt Service	2,077,105
Capital Projects	15,268,492
Extracurricular	99,394
State Grants	19,460
Federal Grants	2,385
Classroom Facilities Maintenance	303,286
Other Purposes	97,193
Unrestricted	<u>(13,401,066)</u>
 Total Net Position	 <u>\$13,185,156</u>

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$6,622,652	\$761,104	\$160,035	(\$5,701,513)
Special	2,597,908	149,989	1,279,149	(1,168,770)
Vocational	85,274	0	107,488	22,214
Other	1,441,887	5,933	103,852	(1,332,102)
Support Services:				
Pupil	981,767	0	0	(981,767)
Instructional Staff	255,931	0	0	(255,931)
General Administration	135,509	0	0	(135,509)
School Administration	934,379	0	0	(934,379)
Fiscal	437,407	0	18,883	(418,524)
Business	84,862	0	0	(84,862)
Operations and Maintenance	1,028,797	0	0	(1,028,797)
Pupil Transportation	1,431,449	0	15,122	(1,416,327)
Central	148,484	0	7,200	(141,284)
Operation of Non-Instructional Services	604,482	305,080	352,968	53,566
Extracurricular Activities	569,966	184,790	0	(385,176)
Interest and Fiscal Charges	1,320,066	0	0	(1,320,066)
Total Governmental Activities	\$18,680,820	\$1,406,896	\$2,044,697	(15,229,227)

General Revenues:

Property Taxes Levied for:	
General Purposes	7,977,683
Special Revenue Purposes	214,186
Debt Service Purposes	1,772,655
Capital Projects Purposes	488,298
Grants and Entitlements, Not Restricted	6,990,533
Revenue in Lieu of Taxes	66,308
Unrestricted Contributions	88,366
Investment Earnings	1,180,209
Other Revenues	629,528

Total General Revenues 19,407,766

Change in Net Position 4,178,539

Net Position - Beginning of Year 9,006,617

Net Position - End of Year \$13,185,156

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
 Balance Sheet
 Governmental Funds
 June 30, 2019

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$7,397,545	\$29,204,454	\$9,380,330	\$45,982,329
Restricted Cash and Investments	0	70,306	0	70,306
Receivables (Net):				
Taxes	8,370,065	0	2,563,983	10,934,048
Accounts	119,296	0	15,567	134,863
Interest	12,387	40,520	15,360	68,267
Intergovernmental	66,308	12,157,623	85,645	12,309,576
Interfund	157,960	0	0	157,960
Prepays	30,339	0	2,602	32,941
Inventory	0	0	15,329	15,329
Total Assets	16,153,900	41,472,903	12,078,816	69,705,619
Liabilities:				
Accounts Payable	17,442	0	4,477	21,919
Accrued Wages and Benefits	1,789,817	0	167,560	1,957,377
Compensated Absences	128,057	0	0	128,057
Contracts Payable	0	134,036	26,393	160,429
Retainage Payable	0	70,306	0	70,306
Interfund Payable	0	0	157,960	157,960
Total Liabilities	1,935,316	204,342	356,390	2,496,048
Deferred Inflows of Resources:				
Property Taxes	7,138,930	0	2,141,180	9,280,110
Grants and Other Taxes	0	10,142,726	85,645	10,228,371
Revenue in Lieu of Taxes	66,308	0	0	66,308
Investment Earnings	7,720	35,454	3,701	46,875
Total Deferred Inflows of Resources	7,212,958	10,178,180	2,230,526	19,621,664
Fund Balances:				
Nonspendable	30,339	0	2,602	32,941
Restricted	0	31,090,381	9,778,729	40,869,110
Assigned	1,108,992	0	0	1,108,992
Unassigned (Deficit)	5,866,295	0	(289,431)	5,576,864
Total Fund Balances	7,005,626	31,090,381	9,491,900	47,587,907
Total Liabilities, Deferred Inflows and Fund Balances	\$16,153,900	\$41,472,903	\$12,078,816	\$69,705,619

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2019

Total Governmental Fund Balance		\$47,587,907
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.		
Capital assets used in the operation of Governmental Funds		11,677,622
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Property Taxes	333,818	
Interest	46,875	
Intergovernmental	<u>10,228,371</u>	
		10,609,064
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(342,691)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(928,315)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,764,319	
Deferred inflows of resources related to pensions	(1,936,715)	
Deferred outflows of resources related to OPEB	209,973	
Deferred inflows of resources related to OPEB	<u>(1,927,877)</u>	
		1,109,700
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	1,014,853	
Net Pension Liability	(17,758,153)	
Net OPEB Liability	(1,909,641)	
Other Amounts	<u>(37,875,190)</u>	
		<u>(56,528,131)</u>
Net Position of Governmental Activities		<u>\$13,185,156</u>

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$8,067,104	\$0	\$2,497,479	\$10,564,583
Tuition and Fees	806,359	0	0	806,359
Investment Earnings	215,082	716,658	247,683	1,179,423
Intergovernmental	7,912,652	2,620,061	1,182,709	11,715,422
Extracurricular Activities	89,773	0	161,806	251,579
Charges for Services	47,936	0	305,080	353,016
Revenue in Lieu of Taxes	66,308	0	0	66,308
Other Revenues	474,571	0	172,956	647,527
Total Revenues	17,679,785	3,336,719	4,567,713	25,584,217
Expenditures:				
Current:				
Instruction:				
Regular	7,577,514	0	120,188	7,697,702
Special	2,378,203	0	594,095	2,972,298
Vocational	96,518	0	3,637	100,155
Other	1,443,208	0	0	1,443,208
Support Services:				
Pupil	1,086,364	0	1,252	1,087,616
Instructional Staff	280,334	0	14,935	295,269
General Administration	141,100	0	0	141,100
School Administration	1,129,926	0	187	1,130,113
Fiscal	424,080	0	54,361	478,441
Business	83,228	0	0	83,228
Operations and Maintenance	938,646	0	248,629	1,187,275
Pupil Transportation	1,124,551	0	440,550	1,565,101
Central	66,650	0	43,451	110,101
Operation of Non-Instructional Services	0	0	655,626	655,626
Extracurricular Activities	359,997	0	232,104	592,101
Capital Outlay	0	3,393,211	444,356	3,837,567
Debt Service:				
Principal Retirement	0	0	533,504	533,504
Interest and Fiscal Charges	0	0	1,381,712	1,381,712
Total Expenditures	17,130,319	3,393,211	4,768,587	25,292,117
Excess of Revenues Over (Under) Expenditures	549,466	(56,492)	(200,874)	292,100
Other Financing Sources (Uses):				
Transfers In	0	385	0	385
Transfers (Out)	0	0	(385)	(385)
Total Other Financing Sources (Uses)	0	385	(385)	0
Net Change in Fund Balance	549,466	(56,107)	(201,259)	292,100
Fund Balance - Beginning of Year	6,456,160	31,146,488	9,693,159	47,295,807
Fund Balance - End of Year	\$7,005,626	\$31,090,381	\$9,491,900	\$47,587,907

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds \$292,100

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

Governmental funds report capital asset additions 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 of the difference between capital
 asset additions and depreciation in the current period.

Capital Assets used in governmental activities	3,907,721	
Depreciation Expense	(265,497)	
		3,642,224

Governmental funds report district pension contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension benefits earned net of employer contributions are
 reported as pension and OPEB expense.

Pension Contributions	1,341,329	
Pension Expense	(1,142,766)	
OPEB Contributions	54,819	
OPEB Expense	2,159,028	
		2,412,410

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

Delinquent Property Taxes	(111,760)	
Interest	786	
Intergovernmental	(2,613,884)	
		(2,724,858)

Repayment of debt principal is an expenditure
 in the governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position. 533,504

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 3,585

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.

Compensated Absences	(38,487)	
Amortization of Bond Premium	58,061	
		19,574

Change in Net Position of Governmental Activities \$4,178,539

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$14,801	\$68,649
Receivables (Net):		
Accounts	0	410
Total Assets	<u>14,801</u>	<u>69,059</u>
Liabilities:		
Accounts Payable	0	758
Other Liabilities	0	68,301
Total Liabilities	<u>0</u>	<u>\$69,059</u>
Net Position:		
Held in Trust	<u>14,801</u>	
Total Net Position	<u>\$14,801</u>	

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Change in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
Additions:	
Investment Earnings	<u>\$311</u>
Total Additions	<u>311</u>
Deductions:	
Scholarships	<u>2,000</u>
Total Deductions	<u>2,000</u>
Change in Net Position	(1,689)
Net Position - Beginning of Year	<u>16,490</u>
Net Position - End of Year	<u><u>\$14,801</u></u>

See accompanying notes to the basic financial statements.

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

Note 1 - Description of the School District and Reporting Entity

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

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

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in four jointly governed organizations and two insurance purchasing pools. These organizations are:

Jointly Governed Organizations:

- Miami Valley Educational Computer Association
- Southwestern Ohio Educational Purchasing Council
- Clark County Family and Children First Council
- Springfield/Clark Career Technology Center

Insurance Purchasing Pools:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation GRP
- Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

These organizations are presented in Notes 15 and 16 to the basic financial statements.

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

Note 2 - Summary Of Significant Accounting Policies

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Financial Statement Presentation

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

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

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

Fund Accounting

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

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

Governmental Funds

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

The School District reports the following major governmental funds:

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

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for all transactions related to constructing a new building to house students in grades K-12.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The School District maintains two fiduciary funds. One is an agency fund known as the student activities fund, which was established to account for revenues generated by student managed activities. The School District’s agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The other is a private purpose trust fund established to provide scholarships to students for higher education.

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

Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

Non-Exchange Transactions

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 expenditure 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants and student fees.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources have been reported for the following two items related the School District's net pension liability and OPEB (asset) / liability: (1) the difference between expected and actual experience of the pension systems, and (2) the School District's contributions to the pension systems subsequent to the measurement date. For more pension and OPEB related information, see Notes 10 and 11.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, grants and other taxes, revenue in lieu of taxes, investment earnings, OPEB, and pension. 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 of resources on both the government-wide statement of net position and the governmental fund financial statements. Revenue in lieu of taxes has been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes, and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. The deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. See Notes 10 and 11 for more pension and OPEB related information.

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

Expenses/Expenditures

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

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

Cash and Investments

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

During fiscal year 2019, the School District investments were limited to Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities, Commercial Paper, Negotiable CDs, U.S. Treasury Bills and Notes and money market funds. Investments are reported at fair value, which is based on the fair value hierarchy.

The School District Treasurer has determined the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2019 amounted to \$215,082 for the general fund, \$716,658 for the classroom facilities fund, and \$247,683 for Other Governmental Funds. Interest recorded to the general fund that was earned by other funds was \$0.

Inventory

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

On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net position. During 2019, the School District had no materials and supplies inventory.

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 expenditure/expense is reported in the year in which services are consumed.

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

Capital Assets and Depreciation

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

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

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

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

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

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

Interfund Balances

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

Interfund Transactions

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

Net Position

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

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

Fund Balance

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

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

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

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

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

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

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

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

Estimates

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

Pensions/Other Postemployment Benefits (OPEB)

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

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The School District had no extraordinary or special items during fiscal year 2019.

Note 3 - Accountability And Compliance

Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Funds</u>	<u>Deficit</u>
Other Governmental Funds:	
Food Service	\$187,370
IDEA, Part B	56,662
Title I	43,063

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

Note 4 - Equity In Pooled Cash And Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.

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

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2019, none of the School District's bank balance of \$7,065,843 was exposed to custodial credit risk because it was fully covered by the FDIC.

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

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

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

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

Investments

As of June 30, 2019, the School District had the following investments:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$6,914,591	Level 2	1.15
Federal Home Loan Bank	1,300,022	Level 2	1.17
Federal National Mortgage Association	742,704	Level 2	0.47
U.S. Treasury Bills & Notes	15,114,287	Level 1	0.50
Commercial Paper	15,777,708	Level 2	0.39
Money Market Funds	63,821	N/A	0.00
Total Fair Value	<u>\$39,913,133</u>		
Portfolio Weighted Average Maturity			0.60

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. Inputs to the valuation techniques used in the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2019.

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

Credit Risk – The School District has no policy dealing with credit risk beyond the requirements of State statute. The School District's investments in the Federal National Mortgage Association, Federal Home Loan Bank, and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investment Services, respectively. Money Market Funds and Negotiable CD's were not rated. The School District's Investments in U.S. Treasury Bills, and Commercial Paper were rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service.

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. The School District has invested 17% in Negotiable CDs, 3% in Federal

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

Home Loan Bank, 2% in Federal National Mortgage Association, 38% in U.S. Treasury Bills and Notes, 40% Commercial Paper, and less than 1% in Money Market Funds.

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

Note 5 - Interfund Transactions

Interfund receivable/payable and transfers in/out consisted of the following at June 30, 2019, as reported on the fund statement:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$157,960	\$0	\$0	\$0
Classroom Facilities	0	0	385	0
Other Governmental Funds	0	157,960	0	385
Total All Funds	<u>\$157,960</u>	<u>\$157,960</u>	<u>\$385</u>	<u>\$385</u>

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

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

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

The School District receives property taxes from Clark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$261,428,680	95.75%	\$263,115,640	95.63%
Public utility personal	<u>11,612,050</u>	<u>4.25%</u>	<u>12,031,270</u>	<u>4.37%</u>
Total	<u>\$273,040,730</u>	<u>100%</u>	<u>\$275,146,910</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation				
General	\$42.33		\$39.22	
Permanent Improvement	3.00		3.00	
Bond	6.79		6.75	

Note 7- Receivables

Receivables at June 30, 2019, consisted of taxes, accounts, interest, intergovernmental grants, and interfund. 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 year guarantee of federal funds.

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

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows.

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$84,740	\$0	\$0	\$84,740
Construction in progress	809,392	3,837,567	0	4,646,959
Total capital assets, not being depreciated	<u>894,132</u>	<u>3,837,567</u>	<u>0</u>	<u>4,731,699</u>
Capital assets, being depreciated:				
Buildings and improvements	18,248,767	0	0	18,248,767
Vehicles, Furniture and Equipment	5,133,791	70,154	0	5,203,945
Infrastructure	122,003	0	0	122,003
Total capital assets, being depreciated	<u>23,504,561</u>	<u>70,154</u>	<u>0</u>	<u>23,574,715</u>
Less: accumulated depreciation				
Buildings and improvements	13,289,819	67,386	0	13,357,205
Vehicles, Furniture and Equipment	3,007,058	193,575	0	3,200,633
Infrastructure	66,418	4,536	0	70,954
Total accumulated depreciation	<u>16,363,295</u>	<u>265,497</u>	<u>0</u>	<u>16,628,792</u>
Governmental activities capital assets, net	<u>\$8,035,398</u>	<u>\$3,642,224</u>	<u>\$0</u>	<u>\$11,677,622</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$49,377
Special	917
Vocational	25
Support services:	
Instructional Staff	6,322
Board of Education	676
Administration	164
Fiscal	356
Business	1,634
Operations and Maintenance	31,261
Pupil Transportation	84,072
Central	38,383
Operation of Non-Instructional Services	8,219
Extracurricular Activities	<u>44,091</u>
Total depreciation expense	<u>\$265,497</u>

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

Note 9 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2019, the School District contracted with the Southwestern Ohio EPC Liability/Property/Fleet Program.

Insurance coverage provided includes the following:

General Liability:

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

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

Workers' Compensation

For fiscal year 2019, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

Note 10 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension 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.

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

The net pension/OPEB liability (asset) represent the School 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.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions and OPEB are financed; however, the School 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 accrued wages and benefits 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$326,777 for fiscal year 2019. Of this amount \$33,418 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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.

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

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 State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$1,014,552 for fiscal year 2019. Of this amount \$167,568 is reported as accrued wages and benefits.

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

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

The net pension liability was measured as of June 30, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,871,560	\$13,886,593	\$17,758,153
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06759970%	0.06315603%	
Prior Measurement Date	<u>0.07275880%</u>	<u>0.06402618%</u>	
Change in Proportionate Share	<u>-0.00515910%</u>	<u>-0.00087015%</u>	
Pension Expense	\$86,290	\$1,056,476	\$1,142,766

At June 30, 2019, 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>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$212,331	\$320,545	\$532,876
Changes of assumptions	87,428	2,460,966	2,548,394
Changes in employer proportionate share of net pension liability	12,458	329,262	341,720
Contributions subsequent to the measurement date	<u>326,777</u>	<u>1,014,552</u>	<u>1,341,329</u>
Total Deferred Outflows of Resources	<u>\$638,994</u>	<u>\$4,125,325</u>	<u>\$4,764,319</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$90,688	\$90,688
Net difference between projected and actual earnings on pension plan investments	107,269	842,068	949,337
Changes in employer proportionate share of net pension liability	<u>205,844</u>	<u>690,846</u>	<u>896,690</u>
Total Deferred Inflows of Resources	<u>\$313,113</u>	<u>\$1,623,602</u>	<u>\$1,936,715</u>

\$1,341,329 reported as deferred outflows of resources related to pension resulting from 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:

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Greenon Local School District, Ohio
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For the Fiscal Year Ended June 30, 2019

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	\$144,052	\$898,421	\$1,042,473
2021	15,004	831,179	846,183
2022	(127,054)	(29,876)	(156,930)
2023	(32,898)	(212,553)	(245,451)
Total	<u>(\$896)</u>	<u>\$1,487,171</u>	<u>\$1,486,275</u>

Actuarial Assumptions - SERS

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

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:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of 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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

Greenon Local School District, Ohio
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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.

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

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 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.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$5,453,384	\$3,871,560	\$2,545,306

Assumption 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.

Greenon Local School District, Ohio
Notes to the Basic Financial Statements
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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented below:

Inflation	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 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>100.00%</u>	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 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 above. For this purpose, only employer contributions that are intended to fund benefits of current plan

Greenon Local School District, Ohio
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members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what 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 discount rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$20,279,541	\$13,886,593	\$8,475,830

Assumption and Benefit Changes since the Prior Measurement Date

There were no changes in assumptions or benefit terms since the prior measurement date.

Note 11 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

Greenon Local School District, Ohio
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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 \$42,716.

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 contractually required contribution to SERS was \$54,819 for fiscal year 2019. Of this amount \$42,716 is reported to accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy

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

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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Notes to the Basic Financial Statements
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,909,641	\$0	\$1,909,641
Proportionate Share of the Net OPEB (Asset)	0	(1,014,853)	(1,014,853)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06883400%	0.06315603%	
Prior Measurement Date	<u>0.07337370%</u>	<u>0.06402618%</u>	
Change in Proportionate Share	<u>-0.00453970%</u>	<u>-0.00087015%</u>	
OPEB Expense	\$57,669	(\$2,216,697)	(\$2,159,028)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$31,171	\$118,537	\$149,708
Changes in employer proportionate share of net OPEB liability (asset)	5,446	0	5,446
Contributions subsequent to the measurement date	54,819	0	54,819
Total Deferred Outflows of Resources	<u>\$91,436</u>	<u>\$118,537</u>	<u>\$209,973</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$59,129	\$59,129
Changes of assumptions	171,567	1,382,818	1,554,385
Net difference between projected and actual earnings on OPEB plan investments	2,865	115,938	118,803
Changes in employer proportionate share of net OPEB liability (asset)	<u>112,856</u>	<u>82,704</u>	<u>195,560</u>
Total Deferred Inflows of Resources	<u>\$287,288</u>	<u>\$1,640,589</u>	<u>\$1,927,877</u>

\$54,819 reported as deferred outflows of resources related to OPEB resulting from 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:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	(\$87,591)	(\$273,205)	(\$360,796)
2021	(73,090)	(273,205)	(346,295)
2022	(27,170)	(273,205)	(300,375)
2023	(25,950)	(246,875)	(272,825)
2024	(26,149)	(237,638)	(263,787)
Thereafter	<u>(10,721)</u>	<u>(217,924)</u>	<u>(228,645)</u>
Total	<u>(\$250,671)</u>	<u>(\$1,522,052)</u>	<u>(\$1,772,723)</u>

Greenon Local School District, Ohio
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For the Fiscal Year Ended June 30, 2019

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62%
Prior Measurement Date	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70%
Prior Measurement Date	3.63%
Medical Trend Assumption:	
Medicare	5.375% to 4.75%
Pre-Medicare	7.25% to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-

Greenon Local School District, Ohio
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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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent 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 percent, 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 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 percent) and higher (4.70

Greenon Local School District, Ohio
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percent) than the current discount rate (3.70 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Proportionate share of the net OPEB liability	\$2,317,199	\$1,909,641	\$1,586,931
	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%)
Proportionate share of the net OPEB liability	\$1,540,730	\$1,909,641	\$2,398,146

Assumption 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
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3%
Discount Rate of Return	7.45%

Health Care Cost Trends:

Medical:

Pre-Medicare	6% initial, 4% ultimate
Medicare	5% initial, 4% ultimate

Prescription Drug:

Pre-Medicare	8% initial, 4% ultimate
Medicare	(5.23%) initial, 4% ultimate

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

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For the Fiscal Year Ended June 30, 2019

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

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

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 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 to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB 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 Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB (asset) as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one

Greenon Local School District, Ohio
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percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$869,824)	(\$1,014,853)	(\$1,136,743)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,129,862)	(\$1,014,853)	(\$898,052)

Assumption and Benefit Changes since the Prior Measurement Date

The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent 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.

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900 percent to 1.944 percent 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 were scheduled to 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 - Other Employee Benefits

Compensated Absences

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

Insurance Benefits

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

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

Special Termination Benefits

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

For the 2018-2019 contract year, certified employees (GFT) are entitled to a retirement incentive equal to 28% (a reduction from 32%) of base pay (exclusive of any compensation under a supplemental contract) calculated on the basis of the employee's final year's salary.

Classified employees (OAPSE) 2017-2018 contract year are entitled to a retirement incentive equal to \$4,000 pro-rated to 8 hours for full amount based on hours working at time of retirement. (A 4-hour employee would receive one-half or \$2,000). For the 2018-2019 contract year, a bargaining unit employee who satisfies the eligibility criteria is entitled to a retirement incentive equal to \$3,500 pro-rated to 8 hours for full amount based on hours working at time of retirement. (A 4-hour employee would receive one-half of \$1,750). For the 2019-2020 contract year, a bargaining unit employee who satisfies the eligibility criteria is entitled to a retirement incentive equal to \$3,000 pro-rated to 8 hours for full amount based on hours working at time of retirement. (A 4-hour employee would receive one-half of \$1,500).

Note 13 - Long-Term Obligations

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

	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Loans:						
2016 Energy Loan	1.00%	\$411,612	\$0	\$46,634	\$364,978	\$47,101
Subtotal Loans		411,612	0	46,634	364,978	47,101
Bonds Payable:						
2017A Classroom Facilities UTGO Bonds	1.5-5%	29,500,000	0	460,000	29,040,000	465,000
Premium for 2017A Bonds		1,824,561	0	49,312	1,775,249	0
2018 UTGO Bonds	1.5-4%	6,500,000	0	15,000	6,485,000	15,000
Premium for 2018 Bonds		218,712	0	8,749	209,963	0
Subtotal Bonds		38,043,273	0	533,061	37,510,212	480,000
Capital Lease		11,870	0	11,870	0	0
Compensated Absences and Termination Benefits		889,828	705,515	538,971	1,056,372	167,088
Subtotal Loans & Other Amounts		39,356,583	705,515	1,130,536	38,931,562	694,189
Net Pension liability						
STRS		15,209,556	0	1,322,963	13,886,593	0
SERS		4,347,178	0	475,618	3,871,560	0
Subtotal Net Pension Liability		19,556,734	0	1,798,581	17,758,153	0
Net OPEB liability						
STRS		2,498,065	0	2,498,065	0 (a)	0
SERS		1,969,158	0	59,517	1,909,641	0
Subtotal Net OPEB Liability		4,467,223	0	2,557,582	1,909,641	0
Total Long-Term Obligations		\$63,380,540	\$705,515	\$5,486,699	\$58,599,356	\$694,189

(a) OPEB for STRS has a Net OPEB asset in the amount of \$1,014,853 as of June 30, 2019.

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

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

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

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

A summary of the School District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2019 follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2020	\$480,000	\$1,366,250	\$1,846,250
2021	485,000	1,353,050	1,838,050
2022	505,000	1,339,650	1,844,650
2023	510,000	1,325,750	1,835,750
2024	550,000	1,310,831	1,860,831
2025-2029	3,095,000	6,234,706	9,329,706
2030-2034	3,945,000	5,536,394	9,481,394
2035-2039	4,890,000	4,732,938	9,622,938
2040-2044	6,040,000	3,704,175	9,744,175
2045-2049	7,160,000	2,179,325	9,339,325
2050-2054	6,440,000	828,450	7,268,450
2055	1,425,000	24,938	1,449,938
Total	\$35,525,000	\$29,936,457	\$65,461,457

Fiscal Year Ending June 30	Loans			
	Principal	Interest	Service Fee	Total
2020	\$47,101	\$2,649	\$883	\$50,633
2021	47,573	2,295	765	50,633
2022	48,050	1,938	646	50,634
2023	48,531	1,576	526	50,633
2024	49,018	1,211	404	50,633
2025-2027	124,705	1,408	469	126,582
Total	\$364,978	\$11,077	\$3,693	\$379,748

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

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of \$24,763,222 and an unvoted debt margin of \$275,147.

Note 14 - Capitalized Leases - Lessee Disclosure

In prior fiscal years, the School District entered into capitalized leases for copier equipment. These lease agreements met the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of copiers have been capitalized in the amount of \$210,411. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2019 for the copiers amounted to \$210,411, leaving a current book value of \$0. The School District made principal payments of \$11,870 to pay off the lease during fiscal year 2019.

Note 15 - Jointly Governed Organizations

Miami Valley Educational Computer Association – The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$67,387 for services provided during the fiscal year. Financial information can be obtained from the Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 139 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

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

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During the fiscal year, the School District paid \$58,978 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

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

The Board of Trustees is comprised of eighteen representatives of each the members of the FCF, including the Superintendent of the Clark County Educational Service Center, who was appointed by the Superintendents of the Clark County schools. All members are obligated to pay all dues as established by the FCF to aid the financing of the operations and programs of the FCF. The Greenon Local School District does not pay any dues since the Clark County Educational Service Center represents the School District. Any member withdrawing from the FCF must give one hundred eighty days written notice to the FCF after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Executive Director, at 1345 Lagonda Avenue, Springfield, Ohio 45503.

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

Note 16 - Insurance Purchasing Pool

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

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

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

Note 17 - Set-Asides

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2018	\$0
Current year set-aside requirement	279,845
Current year qualifying expenditures	(125,697)
Current year offsets	(830,828)
Total	<u>(676,680)</u>
Balance carried forward to fiscal year 2020	<u>0</u>
Set-aside balance June 30, 2019	<u><u>\$0</u></u>

Note 18 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2019, if applicable, cannot be determined at this time.

Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, the fiscal year 2019 adjustments resulted in a foundation payable of \$20,105.

Note 19 - Other Commitments

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

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

Fund	Year-End Encumbrances
General Fund	\$266,270
Classroom Facilities	37,774,258
Non-Major Governmental Funds	4,916,563
Total	\$42,957,091

Note 20 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Classroom Facilities	Other Governmental Funds	Total
Nonspendable:				
Prepaid	\$30,339	\$0	\$2,602	\$32,941
Total Nonspendable	30,339	0	2,602	32,941
Restricted for:				
District Managed Student Activity	\$0	\$0	\$99,394	\$99,394
Other Grants	0	0	8,335	8,335
Latchkey	0	0	88,858	88,858
Race To The Top	0	0	1,761	1,761
Vocational Education Enhancement	0	0	241	241
Miscellaneous State Grants	0	0	19,219	19,219
Classroom Facilities Maintenance Fund	0	0	282,538	282,538
Classroom Facilities Building Project	0	31,090,381	0	31,090,381
Debt Service	0	0	2,373,568	2,373,568
Building	0	0	5,926,959	5,926,959
Permanent Improvement	0	0	977,856	977,856
Total Restricted	0	31,090,381	9,778,729	40,869,110
Assigned to:				
Budgetary Resources	852,620	0	0	852,620
Public School Support	4,061	0	0	4,061
Encumbrances	252,311	0	0	252,311
Total Assigned	1,108,992	0	0	1,108,992
Unassigned (Deficit)	5,866,295	0	(289,431)	5,576,864
Total Fund Balance	\$7,005,626	\$31,090,381	\$9,491,900	\$47,587,907

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Note 21 – Implementation of New Accounting Principles

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

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

GASB Statement No. 88 sets out 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 Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Greenon 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 Fiscal Years (1) (2)

Year	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.06315603%	\$13,886,593	\$7,479,086	185.67%	77.30%
2018	0.06402618%	15,209,556	7,343,657	207.11%	75.30%
2017	0.06537948%	21,884,483	6,710,229	326.14%	66.80%
2016	0.06247745%	17,266,940	6,651,136	259.61%	72.10%
2015	0.06812639%	16,570,696	6,960,638	238.06%	74.70%
2014	0.06812639%	19,738,904	7,327,123	269.40%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Greenon 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 Fiscal Years (1) (2)

Year	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.06759970%	\$3,871,560	\$2,344,689	165.12%	71.36%
2018	0.07275880%	4,347,178	2,268,500	191.63%	69.50%
2017	0.07232450%	5,293,486	2,246,129	235.67%	62.98%
2016	0.07442140%	4,246,557	2,240,470	189.54%	69.16%
2015	0.08130900%	4,115,002	2,362,684	174.17%	71.70%
2014	0.08130900%	4,835,185	2,277,204	212.33%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Greenon Local School District
 Required Supplementary Information
 Schedule of School District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	School District's Contractually Required Contribution	School District's Contributions in Relation to the Contractually Required Contributions	School District's Contribution Deficiency (Excess)	School District's Covered Payroll	School District's Contributions as a Percentage of Covered Payroll
2019	\$1,014,552	(\$1,014,552)	\$0	\$7,246,800	14.00%
2018	1,047,072	(1,047,072)	0	7,479,086	14.00%
2017	1,028,112	(1,028,112)	0	7,343,657	14.00%
2016	939,432	(939,432)	0	6,710,229	14.00%
2015	931,159	(931,159)	0	6,651,136	14.00%
2014	904,883	(904,883)	0	6,960,638	13.00%
2013	952,526	(952,526)	0	7,327,123	13.00%
2012	914,149	(914,149)	0	7,031,915	13.00%
2011	969,718	(969,718)	0	7,459,369	13.00%
2010	1,029,204	(1,029,204)	0	7,916,954	13.00%

See accompanying notes to the required supplementary information.

Greenon Local School District
 Required Supplementary Information
 Schedule of School District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	School District's Contractually Required Contribution	School District's Contributions in Relation to the Contractually Required Contributions	School District's Contribution Deficiency (Excess)	School District's Covered Payroll	School District's Contributions as a Percentage of Covered Payroll
2019	\$326,777	(\$326,777)	\$0	\$2,420,570	13.50%
2018	316,533	(316,533)	0	2,344,689	13.50%
2017	317,590	(317,590)	0	2,268,500	14.00%
2016	314,458	(314,458)	0	2,246,129	14.00%
2015	295,294	(295,294)	0	2,240,470	13.18%
2014	327,468	(327,468)	0	2,362,684	13.86%
2013	315,165	(315,165)	0	2,277,204	13.84%
2012	308,599	(308,599)	0	2,294,416	13.45%
2011	358,316	(358,316)	0	2,850,565	12.57%
2010	206,083	(206,083)	0	1,522,031	13.54%

See accompanying notes to the required supplementary information.

Greenon Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1) (2)

Year	School District's Proportion of the Net OPEB (Asset)/Liability	School District's Proportionate Share of the Net OPEB (Asset)/Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2019	0.06315603%	(\$1,014,853)	\$7,479,086	(13.57%)	176.00%
2018	0.06402618%	2,498,065	7,343,657	34.02%	47.10%
2017	0.06537948%	3,496,511	6,710,229	52.11%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Greenon 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 Fiscal Years (1) (2)

Year	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.06883400%	\$1,909,641	\$2,344,689	81.45%	13.57%
2018	0.07337370%	1,969,158	2,268,500	86.80%	12.46%
2017	0.07296553%	2,079,788	2,246,129	92.59%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Greenon Local School District
 Required Supplementary Information
 Schedule of School District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

Year	School District's Contractually Required Contribution	School District's Contributions in Relation to the Contractually Required Contributions	School District's Contribution Deficiency (Excess)	School District's Covered Payroll	School District's Contributions as a Percentage of Covered Payroll
2019	\$0	\$0	\$0	\$7,246,800	0.00%
2018	0	0	0	7,479,086	0.00%
2017	0	0	0	7,343,657	0.00%
2016	0	0	0	6,710,229	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Greenon Local School District
 Required Supplementary Information
 Schedule of School District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1) (2)

Year	School District's Contractually Required Contribution (2)	School District's Contributions in Relation to the Contractually Required Contributions	School District's Contribution Deficiency (Excess)	School District's Covered Payroll	School District's Contributions as a Percentage of Covered Payroll
2019	\$54,819	(\$54,819)	\$0	\$2,420,570	2.26%
2018	50,039	(50,039)	0	2,344,689	2.13%
2017	37,864	(37,864)	0	2,268,500	1.67%
2016	35,515	(35,515)	0	2,246,129	1.58%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Greenon Local School District, Clark County, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,658,689	\$7,658,689	\$8,168,656	\$509,967
Tuition and Fees	754,352	754,352	804,582	50,230
Investment Earnings	168,665	168,665	179,896	11,231
Intergovernmental	7,418,667	7,418,667	7,912,652	493,985
Extracurricular Activities	21,549	21,549	22,984	1,435
Other Revenues	499,610	499,610	532,877	33,267
Total Revenues	16,521,532	16,521,532	17,621,647	1,100,115
Expenditures:				
Current:				
Instruction:				
Regular	7,704,913	7,594,373	7,495,889	98,484
Special	2,591,340	2,554,163	2,521,040	33,123
Vocational	105,327	103,816	102,470	1,346
Other	1,432,864	1,412,307	1,393,992	18,315
Support Services:				
Pupil	1,168,027	1,151,270	1,136,340	14,930
Instructional Staff	293,587	289,375	285,622	3,753
General Administration	150,679	148,517	146,591	1,926
School Administration	1,076,470	1,061,026	1,047,267	13,759
Fiscal	429,212	423,054	417,568	5,486
Business	15,841	15,613	15,411	202
Operations and Maintenance	1,010,789	996,288	983,368	12,920
Pupil Transportation	1,172,604	1,155,781	1,140,793	14,988
Central	77,732	76,617	75,623	994
Extracurricular Activities	357,160	352,036	347,471	4,565
Total Expenditures	17,586,545	17,334,236	17,109,445	224,791
Excess of Revenues Over (Under) Expenditures	(1,065,013)	(812,704)	512,202	1,324,906
Other financing sources (uses):				
Advances In	165,985	165,985	177,037	11,052
Advances (Out)	(162,366)	(160,036)	(157,961)	2,075
Total Other Financing Sources (Uses)	3,619	5,949	19,076	13,127
Net Change in Fund Balance	(1,061,394)	(806,755)	531,278	1,338,033
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	6,448,354	6,448,354	6,448,354	0
Fund Balance - End of Year	\$5,386,960	\$5,641,599	\$6,979,632	\$1,338,033

See accompanying notes to the required supplementary information.

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

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedule reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflects the amounts on the final amended certificate of estimated resources issued during fiscal year 2019.

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

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP 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 for all funds (budget basis) rather than as assigned to a fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

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

Net Change in Fund Balance	
	General
GAAP Basis	\$549,466
Revenue Accruals	82,753
Expenditure Accruals	109,497
Advances In	177,037
Advances (Out)	(157,961)
Encumbrances	(257,766)
Funds Budgeted Elsewhere	28,252
Budget Basis	\$531,278

Note 2 - Net Pension Liability

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 changed in the Consumer Price Index 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.

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

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.

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.

Note 3 - Net OPEB (Asset)/Liability

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:

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

(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%

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.

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

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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	(1) Total Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ 76,862	
National School Lunch Program :	10.555	N/A		
National School Lunch Program			223,872	
National School Lunch Program (Food Distribution)				\$ 31,775
Total National School Lunch Program			<u>223,872</u>	<u>31,775</u>
Total Child Nutrition Cluster			300,734	31,775
Total U.S. Department of Agriculture			<u>300,734</u>	<u>31,775</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	226,486	
Special Education Cluster (IDEA):		N/A		
Special Education Grants to States	84.027		360,976	
Total Special Education Cluster (IDEA):				
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	42,530	
Student Support and Academic Enrichment Program	84.424	N/A	13,858	
Total U.S. Department of Education			<u>643,850</u>	
Total Expenditures of Federal Awards			<u>\$944,584</u>	<u>\$31,775</u>

(1) There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Greenon Local School District (the School District) under programs of the federal government for the fiscal year ended June 30, 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 or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District does not pass federal awards received to any other agencies.

NOTE E - 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 F – FOOD DONATION PROGRAM

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greenon Local School District, Clark County, (the School District) as of and for the fiscal 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 March 11, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

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*.

School District's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2020

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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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Greenon Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Greenon Local School District's major federal program for the fiscal 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, Greenon Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 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 the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2020

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING 2019-001

Significant Deficiency – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING 2019-001
(Continued)**

The following misstatements were identified on the School District's June 30, 2019 financial statements:

1. A portion of Intergovernmental Receivable totaling \$2,014,897 was incorrectly classified as Deferred Inflows - Grants and Other Taxes and should have been classified as Intergovernmental Revenue within the Classroom Facilities Fund as the revenue was received within the School District's available period of sixty days after fiscal year end; and
2. Nondepreciable Capital Assets were overstated and Depreciable Capital Assets, Net were understated by \$2,214,224.

The misstatements noted above have been adjusted on the accompanying basic financial statements. In addition to the items above, we also identified additional misstatements ranging from \$27,690 to \$369,200 which did not require adjustment to the basic financial statements and have been brought to the School District's attention. The financial statement errors were due to inaccuracies in the GAAP compilation.

The failure to properly classify financial activity in the basic financial statements may impact the users' understanding of the financial operations, the Board's and management's ability to make financial decisions, and could result in materially misstated reports.

The School District should implement additional procedures to provide assurance over the accuracy of information reported within the financial statements and to assist in the effective management and reporting of financial resources.

Officials' Response:

See Corrective Action Plan on page 83.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2019

Finding Number: 2019-001

Planned Corrective Action: GAAP has been contracted out with Plattenburg and Associates for five plus years. We will look at other vendors and possibly make a change due to finding.

Anticipated Completion Date: 07/01/2020

Responsible Contact Person: Bradley A McKee

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OHIO AUDITOR OF STATE KEITH FABER



GREENON LOCAL SCHOOL DISTRICT

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 26, 2020**