



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Greene County Vocational School District Greene County, Ohio

Basic Financial Statements

June 30, 2022

with Accountants' Compilation Report

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The Board of Education
Greene County Vocational School District
532 Innovation Drive
Xenia, Ohio 45385

Management is responsible for the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greene County Vocational School District (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Proportionate Share of the Net Pension and OPEB Liabilities, and the Schedule of the Pension and OPEB Plans Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
November 23, 2022

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GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(See accountants' compilation report)

The discussion and analysis of the Greene County Vocational 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, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

The key financial highlights for fiscal year 2022 are as follows:

- Total net position increased by \$5.9 million, which represents a 16.7% increase during the current fiscal year.
- Total assets of governmental activities increased by \$3.5 million, predominately due to a \$2.9 million increase in pooled cash and cash equivalents capital assets due to decreased spending as the school facility construction project was finalized in the prior fiscal year.
- Total liabilities decreased by \$8.9 million in total or 11.3%. This decrease was due to the \$7.1 million decrease in net pension and OPEB liabilities, as the retirement systems investment return rates increased significantly for the reporting year, coupled with the payment of scheduled debt service during the fiscal year.
- General revenues accounted for \$23.7 million or 92.2% of total revenue. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions account for nearly \$2.0 million or 7.8% of total revenues of nearly \$25.7 million.
- The general fund of the School District ended fiscal year 2022 with a fund balance of \$8.9 million, a decrease of \$4.9 million when compared to that reported for the prior fiscal year; mainly attributable to the transfers out to the permanent improvement and capital projects funds.

Using the Basic Financial Statements

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. Major funds for the School District include the general (the School District's operating fund), bond retirement, permanent improvement, and capital projects funds.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

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For the Fiscal Year Ended June 30, 2022
(See accountants' compilation report)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting which takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Most of the School District's activities are reported as governmental activities. These include, but are not limited to, instruction, support services, operation of non-instructional services, and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the general, bond retirement, permanent improvement, and capital projects 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, and therefore only the major funds are presented separate from the other governmental funds.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, 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.

The School District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(See accountants' compilation report)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. 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.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in government-wide and fund financial report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2022 compared to one year prior:

TABLE 1
NET POSITION

	<u>2022</u>	<u>2021</u>
<i>Assets</i>		
Current Assets	\$ 54,600,515	\$ 50,998,851
Net OPEB Asset	1,250,792	981,139
Capital Assets	<u>73,096,433</u>	<u>73,497,524</u>
Total Assets	<u>128,947,740</u>	<u>125,477,514</u>
<i>Deferred Outflows of Resources:</i>		
Pension and OPEB	<u>5,234,493</u>	<u>3,925,119</u>
Total Deferred Outflows of Resources:	<u>5,234,493</u>	<u>3,925,119</u>
<i>Liabilities:</i>		
Current Liabilities	2,165,594	2,176,153
Long-Term Liabilities:		
Due Within One Year	2,058,048	1,881,715
Net Pension Liability	9,356,048	16,410,855
Net OPEB Liability	853,172	895,225
Other Long-Term Liabilities	<u>55,143,955</u>	<u>57,101,816</u>
Total Liabilities	<u>69,576,817</u>	<u>78,465,764</u>
<i>Deferred Inflows of Resources:</i>		
Property Taxes not Levied to Finance		
Current Year Operations	13,910,403	13,615,949
Pension and OPEB	<u>9,724,081</u>	<u>2,206,428</u>
Total Deferred Inflows of Resources:	<u>23,634,484</u>	<u>15,822,377</u>
<i>Net Position:</i>		
Net investment in capital assets	16,667,289	14,913,583
Restricted	19,231,035	16,060,460
Unrestricted	<u>5,072,608</u>	<u>4,140,449</u>
Total Net Position	<u>\$ 40,970,932</u>	<u>\$ 35,114,492</u>

GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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The School District reports significant financial activity related to net pension liabilities and net OPEB assets and liabilities. Given the significance of these amounts, they are reported separately from other long-term liabilities on the School District's Statement of Net Position.

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

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

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

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

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2022, the School District's total net position was nearly \$50.0 million. Of that amount, \$16.7 million was the net investment in capital assets; \$19.2 million was subject to external restrictions upon its use; and the remaining balance of nearly \$5.1 million, may be allocated as needed by the governing body of the School District. If the reported amounts related to the net pension and OPEB asset/liability calculation are excluded, the unrestricted net position reported by the School District would be nearly \$18.5 million instead of the \$5.1 million currently reported. As the operation of the state-wide retirement systems is outside the control of the School District and varies significantly from year to year based on performance of investments, it is important to know how significant the recognition of the net pension liability and the net OPEB asset/liability has on the School District's reported net position.

Table 2 shows the changes in net position for fiscal years 2022 and 2021.

TABLE 2
CHANGES IN NET POSITION

	<u>2022</u>	<u>2021</u>
<i>Revenues:</i>		
Program Revenues:		
Charges for Services and Sales	\$ 797,458	\$ 1,256,279
Operating Grants & Contributions	1,198,439	1,201,008
Capital Grants & Contributions	1,964	847,250
General Revenues:		
Property taxes	15,416,459	14,396,909
Payments in Lieu of Taxes	31,793	29,000
Grants & Entitlements	7,945,064	6,795,396
Investment Earnings	(95,327)	61,787
Miscellaneous	420,710	349,753
Total Revenues	<u>25,716,560</u>	<u>24,937,382</u>

(continued)

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(See accountants' compilation report)

TABLE 2
CHANGES IN NET POSITION
(Continued)

	<u>2022</u>	<u>2021</u>
<i>Program Expenses:</i>		
Instruction	10,415,629	11,012,479
<i>Support Services:</i>		
Pupils and Instructional Staff	1,869,600	2,202,986
Board of Education, Administration, and Fiscal	1,718,661	1,898,441
Operation and Maintenance of Plant	2,668,128	12,037,943
Pupil Transportation	157,404	16,053
Central	397,238	403,264
Operation of Non-Instructional Services	408,886	280,041
Extracurricular Activities	263,121	124,432
Interest and Fiscal Charges	<u>1,961,453</u>	<u>2,049,891</u>
Total Expenses	<u>19,860,120</u>	<u>30,025,530</u>
<i>Change in Net Position</i>	5,856,440	(5,088,148)
<i>Beginning Net Position</i>	<u>35,114,492</u>	<u>40,202,640</u>
<i>Ending Net Position</i>	<u>\$ 40,970,932</u>	<u>\$ 35,114,492</u>

(concluded)

As shown in Table 2, \$23.7 million, or 92.2%, of the School District's total revenue is derived from general revenues, essentially property taxes and state entitlement programs. Overall, total revenue increased by \$779,178 or 3.1% compared with fiscal year 2021 amounts. Increase in revenue was primarily due to reported increases in property tax and unrestricted grants and entitlement revenues. Property taxes increased based on higher property value reported for the tax year. Unrestricted grants and entitlements increased due to increased State foundation funding related to change in how funding is reported.

Total expenses of the School District reported for fiscal year 2022 decreased by \$10.2 million from those reported for the prior year, or 33.9%. The significant decrease in expenses compared to those of the previous fiscal year is attributable to the following factors:

- In the prior year, the School District reported a one-time \$8.9 million loss on sale of capital assets related to the sale of the previous school campus land, building, furnishing, and equipment. The loss on sale of capital assets was reported within the plant operation and maintenance function which accounts for the majority of the decrease reported for this functional area for the current year.
- The adjustments to expenses related to pension and OPEB amounts was a \$1.2 million reduction of expenses in the current year compared to the \$793,000 increase in expenses reported in the prior year. Therefore, the adjustment of expenses necessary to record pension and OPEB amounted to a nearly \$2.0 million decrease in expenses from those reported in the prior year.
- Depreciation expense for the current year was \$1.8 million compared to the \$2.2 million reported for the prior year. The decrease related to the School District reporting depreciation expense related to both school campuses for a portion of the prior year prior to the sale of the old campus as described above.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(See accountants' compilation report)

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services for fiscal years 2022 and 2021.

TABLE 3
NET (EXPENSE) REVENUE OF SERVICE

	<u>2022</u>	<u>2021</u>
Instruction	\$ (9,435,524)	\$ (9,628,508)
Support Services:		
Pupils and Instructional Staff	(1,655,647)	(1,600,585)
Board of Education, Administration, and Fiscal	(1,718,661)	(1,887,697)
Operation and Maintenance of Plant	(2,629,067)	(11,070,493)
Pupil Transportation	(157,404)	(16,053)
Central	(392,303)	(398,344)
Operation of Non-Instructional Services	190,245	(51,724)
Extracurricular Activities	(102,445)	(17,698)
Interest and Fiscal Charges	<u>(1,961,453)</u>	<u>(2,049,891)</u>
Total Net Cost of Service	<u>\$ (17,862,259)</u>	<u>\$ (26,720,993)</u>

Most of the services offered by the School District are classified as instructional services, therefore a portion of the charges for services (tuition and fees) charged to member districts are reported as program revenue associated with these instructional functional expenses. It should be noted, that while some programs are classified as vocational education, the majority of the expenses related to these program (primarily personnel costs) are instructional support personnel and are therefore reported in the support services categories. Intergovernmental grants restricted to specific educational grant programs and operational support can also provide revenue which can be directly related to these expense categories.

The remaining expense categories are used to capture costs related to the general operation and management of the School District. As there are very few revenue sources which are directly related to these expense categories, they are almost entirely financed through general revenues (property taxes, state foundation funding, interest earnings and other miscellaneous revenue). Depreciation expense is charged to the function utilizing the corresponding capital asset.

In general, Table 3 indicates that 10.1% of the School District's expenses are funded through charges for services (primarily tuition and fees) and operating grants and contributions; the remaining 89.9% is funded through general revenues, including property tax revenue, state foundation and interest earnings.

The School District's Funds

The School District reports four major funds, the general, bond retirement, permanent improvement, and the capital projects funds. All funds are classified as governmental funds and are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$25.7 million and expenditures of \$22.4 million. The net increase in fund balance totaled \$3.3 million and resulted in an overall fund balance of \$38.4 million for all governmental funds. The ending unassigned fund balance reported for the general fund at year-end represents 48.6% of the total fund expenditures, excluding other financing uses, reported for the year. The \$4.9 million decrease in the general fund balance reported for current fiscal year resulted from the decision to transfer \$7.0 million to the permanent improvement and capital projects funds to provide funding for future debt retirement and facility improvements, respectively.

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GREENE COUNTY, OHIO**

Management's Discussion and Analysis
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The bond retirement fund reported revenues of \$4.3 million, expenditures of \$4.1 million, resulting in an ending fund balance of \$2.2 million at June 30, 2022. For the year, fund balance increased by \$136,004 compared with the \$51,105 decrease in fund balance reported in the prior year. Property taxes generated by the bond levy are restricted to repayment of current and future debt service on obligations used to construct the new school campus.

The permanent improvement fund reported revenues and other financing sources of nearly \$9.8 million, expenditures and other financing uses of \$6.9 million, resulting in an ending fund balance of \$16.6 million at June 30, 2022. For the year, fund balance increased by \$2.9 million compared to the \$621,402 increase for the prior year. During fiscal year 2022, the permanent improvement fund received \$2.0 million through a transfer from the general fund to establish funding for future capital projects as well as debt retirement.

The capital projects fund is used to account for resources committed to future facility maintenance and capital acquisition. During the current year, the fund balance of this fund increased by just over \$5 million due to the transfer in from the general fund for future facility maintenance and improvement projects.

General Fund Budgeting Highlights

The School District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During fiscal year 2022, the School District increased expenditure and other financing uses estimates by \$753,547 to account for additional transfers out to other funds. The original revenue and other sources estimate were increased by \$738,024 to account for the additional property tax revenues not anticipated at the beginning of the year. The School District's actual budgeted expenditures (includes encumbrances) was \$1,424 less than the final appropriations at fiscal year-end as and the actual revenue and other sources was \$1.0 million more than the final estimated revenue at fiscal year-end due to conservative budgeting practices utilized by the School District.

Capital Assets

The School District reported capital assets, net of accumulated depreciation, totaling \$73.1 million at June 30, 2022 compared to \$73.5 million one year prior. For the year, total depreciation expense totaled \$1.8 million which was partially offset by \$1.4 million in current year acquisitions. Significant capital asset acquisitions for the year included: \$447,349 in construction in progress related to the construction of a new parking lot and greenhouse where work will continue into the next fiscal year; \$766,162 of classroom equipment; and \$175,061 of vehicles, including two vans and a used Freightliner tractor trailer.

See Note 7 of the notes to the basic financial statements for additional information on the School District's capital assets.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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Debt Administration

At June 30, 2022, the School District reported \$50.6 million of general obligation bonds outstanding which were used for the construction of a new school campus, including a new career center; furnishing and equipping the same; improving the sites thereof; and acquiring interests in land as necessary. Associated with the outstanding general obligation bonds, the School District reported \$5.9 million in unamortized bond premiums at the end of the current fiscal year. The amount of general obligation bonds due for payment within the next fiscal year was \$1.9M million.

See Note 8 to the notes to the basic financial statements for additional information regarding long-term obligations of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide an overview of the School District's finances. If you have questions about this report or need additional financial information, contact Eva Anderson, Treasurer, Greene County Career Center, 532 Innovation Drive, Xenia, Ohio 45385.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 39,246,356
Cash and cash equivalents with escrow agent	17,525
Receivables:	
Accounts	19,972
Intergovernmental	80,058
Property and other taxes	15,217,522
Materials and supplies inventory	16,241
Prepaid items	2,841
Net OPEB asset	1,250,792
Capital Assets:	
Non-depreciable	1,296,187
Depreciable, net of accumulated depreciation	71,800,246
Total Assets	128,947,740
Deferred Outflows of Resources:	
Pension and OPEB	5,234,493
Total Deferred Outflows of Resources	5,234,493
Liabilities:	
Accounts payable	9,782
Accrued wages and benefits payable	1,574,528
Intergovernmental payable	291,458
Matured compensated absences payable	82,405
Retainage payable	17,525
Accrued interest payable	189,896
Long Term Liabilities:	
Due within one year	2,058,048
Due in more than one year	
Net OPEB liability	853,172
Net pension liability	9,356,048
Other amounts due in more than one year	55,143,955
Total Liabilities	69,576,817
Deferred Inflows of Resources:	
Property taxes not levied to finance current fiscal year operations	13,910,403
Pension and OPEB	9,724,081
Total Deferred Inflows of Resources	23,634,484
Net Position:	
Net investment in capital assets	16,667,289
Restricted for:	
Debt service	2,046,352
Capital projects	16,612,283
Federal and state grant programs	234,414
Food service operations	194,267
Student activities	135,722
Miscellaneous grant programs	7,997
Unrestricted	5,072,608
Total Net Position	\$ 40,970,932

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for services & sales	Operating grants and contributions	Capital grants and contributions	Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$ 1,000,242	\$ -	\$ -	\$ -	\$ (1,000,242)
Vocational	9,136,169	197,780	471,894	1,964	(8,464,531)
Adult	279,218	201,637	106,830	-	29,249
Support Services:					
Pupils	810,001	21,559	99,794	-	(688,648)
Instructional staff	1,059,599	59,354	33,246	-	(966,999)
Board of education	184,681	-	-	-	(184,681)
Administration	1,010,735	-	-	-	(1,010,735)
Fiscal	523,245	-	-	-	(523,245)
Operation and maintenance of plant	2,668,128	35,000	4,061	-	(2,629,067)
Pupil transportation	157,404	-	-	-	(157,404)
Central	397,238	-	4,935	-	(392,303)
Operation of non-instructional services	408,886	131,750	467,381	-	190,245
Extracurricular activities	263,121	150,378	10,298	-	(102,445)
Interest and fiscal charges	1,961,453	-	-	-	(1,961,453)
Total Governmental Activities	\$ 19,860,120	\$ 797,458	\$ 1,198,439	\$ 1,964	(17,862,259)

General Revenues:

<i>Property taxes levied for:</i>	
General purposes	8,961,565
Debt service	4,195,705
Capital outlay	2,259,189
Payment in lieu of taxes	31,793
Grants and entitlements not restricted to specific programs	7,945,064
Investment earnings	(95,327)
Miscellaneous	420,710
Total General Revenues	23,718,699
Changes in net position	5,856,440
Net position at beginning of year	35,114,492
Net position at end of year	\$ 40,970,932

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Bond Retirement	Permanent Improvement	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 10,160,602	\$ 1,896,335	\$ 16,417,717	\$ 10,244,513	\$ 527,190	\$ 39,246,357
Cash and Cash Equivalents with Escrow Agent	-	-	17,525	-	-	17,525
Receivables:						
Property Taxes	8,832,713	4,156,831	2,227,978	-	-	15,217,522
Accounts	19,235	-	-	-	737	19,972
Intergovernmental	-	-	-	-	80,058	80,058
Materials and Supplies Inventory	16,241	-	-	-	-	16,241
Prepaid items	2,841	-	-	-	-	2,841
Total Assets	\$ 19,031,632	\$ 6,053,166	\$ 18,663,220	\$ 10,244,513	\$ 607,985	\$ 54,600,516
Liabilities:						
Accounts payable	\$ 9,782	\$ -	\$ -	\$ -	\$ -	\$ 9,782
Accrued wages and benefits payable	1,550,920	-	-	-	23,608	1,574,528
Intergovernmental payable	279,481	-	-	-	11,977	291,458
Retainage Payable	-	-	17,525	-	-	17,525
Matured compensated absences payable	82,405	-	-	-	-	82,405
Total Liabilities	1,922,588	-	17,525	-	35,585	1,975,698
Deferred Inflows of Resources:						
Property taxes not levied to finance current fiscal year operations	8,060,073	3,816,918	2,033,412	-	-	13,910,403
Unavailable revenue	150,527	64,175	32,884	-	35,125	282,711
Total Deferred Inflows of Resources	8,210,600	3,881,093	2,066,296	-	35,125	14,193,114
Fund Balances:						
Nonspendable						
Inventory	16,241	-	-	-	-	16,241
Prepays	2,841	-	-	-	-	2,841
Restricted						
Capital Improvements	-	-	16,579,399	-	-	16,579,399
Debt	-	2,172,073	-	-	-	2,172,073
Educational Grants	-	-	-	-	199,287	199,287
Student Activities	-	-	-	-	135,722	135,722
Food Service	-	-	-	-	194,269	194,269
Miscellaneous Local Grants	-	-	-	-	7,997	7,997
Committed						
Capital Improvements	-	-	-	10,244,513	-	10,244,513
Severance Payments	121,290	-	-	-	-	121,290
Assigned						
Staff Benefits	12,230	-	-	-	-	12,230
Subsequent Appropriations	1,563,080	-	-	-	-	1,563,080
Unassigned	7,182,762	-	-	-	-	7,182,762
Total Fund Balances	8,898,444	2,172,073	16,579,399	10,244,513	537,275	38,431,704
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 19,031,632	\$ 6,053,166	\$ 18,663,220	\$ 10,244,513	\$ 607,985	\$ 54,600,516

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total Governmental Fund Balances:		\$ 38,431,704
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		73,096,433
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable deferred inflows of resources in the balance sheet of governmental funds:		
Accounts Receivable	17,879	
Grants Receivable	35,125	
Property Taxes Receivable	229,707	
	Total	282,711
Long-term liabilities which are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(50,575,000)	
Accrued interest payable	(189,896)	
Unamortized bond premium	(5,854,144)	
Compensated absences	(772,860)	
	Total	(57,391,900)
The net pension liability, as well as the OPEB asset and liability, are not current resources; therefore, these assets, liabilities, and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB asset	1,250,792	
Deferred outflows - pension and OPEB	5,234,493	
Deferred inflows - pension and OPEB	(9,724,081)	
Net OPEB liability	(853,172)	
Net pension liability	(9,356,048)	
	Total	(13,448,016)
Net Position of Governmental Activities		\$ 40,970,932

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Bond Retirement	Permanent Improvement	Capital Projects	Non-major Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 8,942,873	\$ 4,187,965	\$ 2,254,722	\$ -	\$ -	\$ 15,385,560
Payments in lieu of taxes	19,092	8,096	4,605	-	-	31,793
Intergovernmental	7,610,814	82,344	251,906	-	1,163,002	9,108,066
Interest	(163,259)	-	39,860	28,072	-	(95,327)
Tuition and fees	122,512	-	-	-	282,550	405,062
Extracurricular activities	-	-	-	-	146,713	146,713
Customer Services and Sales	66,434	-	-	-	131,750	198,184
Miscellaneous	256,233	-	215,706	-	27,004	498,943
Total Revenues	16,854,699	4,278,405	2,766,799	28,072	1,751,019	25,678,994
Expenditures:						
Current:						
Instruction:						
Regular	1,055,304	-	-	-	-	1,055,304
Vocational	8,603,642	-	1,419,341	-	444,189	10,467,172
Adult	-	-	-	-	255,691	255,691
Support Services:						
Pupils	592,173	-	1,586	-	259,247	853,006
Instructional staff	1,048,497	-	-	-	75,416	1,123,913
Board of education	180,466	-	4,215	-	-	184,681
Administration	1,065,789	-	-	-	600	1,066,389
Fiscal	515,344	18,051	10,667	-	-	544,062
Operation and maintenance of plant	1,074,561	-	323,108	-	4,754	1,402,423
Pupil transportation	70,474	-	86,930	-	-	157,404
Central	401,859	-	1,228	-	11,336	414,423
Operation of non-instructional services	-	-	-	-	408,886	408,886
Extracurricular activities	159,581	-	-	-	133,453	293,034
Capital Outlay	-	-	56,152	-	-	56,152
Debt Service:						
Principal retirement	-	1,800,000	-	-	-	1,800,000
Interest and fiscal charges	-	2,323,750	-	-	-	2,323,750
Total Expenditures	14,767,690	4,141,801	1,903,227	-	1,593,572	22,406,290
Excess of Revenues Over (Under)						
Expenditures	2,087,009	136,604	863,572	28,072	157,447	3,272,704
Other Financing Sources (Uses):						
Transfers in	36,428	-	2,000,000	5,000,000	-	7,036,428
Transfers out	(7,000,000)	-	-	-	(36,428)	(7,036,428)
Total Other Financing Sources (Uses)	(6,963,572)	-	2,000,000	5,000,000	(36,428)	-
Net Change in Fund Balances	(4,876,563)	136,604	2,863,572	5,028,072	121,019	3,272,704
Fund Balances at beginning of year	13,775,007	2,035,469	13,715,827	5,216,441	416,256	35,159,000
Fund Balances at end of year	\$ 8,898,444	\$ 2,172,073	\$ 16,579,399	\$ 10,244,513	\$ 537,275	\$ 38,431,704

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE 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, 2022

Net Change in Fund Balances - Total Governmental Funds		\$	3,272,704
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The following is a summary of the activity associated with capital assets.			
Capital asset additions			1,424,248
Current year depreciation			(1,824,689)
	Total		(400,441)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the net book value of the capital assets disposed of during the current year which was used in calculating the gain or loss on disposal of capital assets.			
			(650)
Long term receivables that do not provide current financial resources are not reported as revenues in the funds.			
Property Taxes			30,899
Intergovernmental			14,168
Tuition and Fees			(7,501)
	Total		37,566
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
			1,800,000
Some expenses reported in the statement of activities, such as compensated absences and various components of the issuance of debt, do not require the use of current financial resources and therefore are not reported as expenditures within the funds.			
Compensated absences payable			(373,271)
Accrued interest payable			7,500
Amortization of bond premium			354,797
	Total		(10,974)
Contractually required contributions to pension and OPEB plans are reported as expenditures in governmental funds. However, the statement of activities reports these amounts as deferred outflows.			
			1,338,427
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are included within functional expenses in the statement of activities.			
			(180,192)
Change in Net Position of Governmental Activities		\$	5,856,440

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property Taxes	\$ 7,580,152	\$ 7,937,961	\$ 8,708,327	\$ 770,366
Payment in Lieu of Taxes	17,000	17,000	19,092	2,092
Intergovernmental	6,452,815	7,497,216	7,610,814	113,598
Tuition and Fees	709,186	45,000	118,650	73,650
Interest	32,000	32,000	42,391	10,391
Miscellaneous	76,004	76,004	158,135	82,131
Total Revenues	<u>14,867,157</u>	<u>15,605,181</u>	<u>16,657,409</u>	<u>1,052,228</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,127,574	1,049,502	1,049,502	-
Vocational	9,050,281	8,424,705	8,424,352	353
Other	3,482	-	-	-
Support Services:				
Pupils	727,926	626,176	625,981	195
Instructional Staff	1,217,179	1,060,219	1,060,094	125
Board of Education	250,533	188,832	188,832	-
Administration	1,045,568	1,070,361	1,070,361	-
Fiscal	562,386	511,383	511,383	-
Operation and Maintenance of Plant	1,234,370	1,064,600	1,063,849	751
Pupil Transportation	89,030	70,474	70,474	-
Central	387,190	377,559	377,559	-
Extracurricular Activities	129,944	135,199	135,199	-
Total Expenditures	<u>15,825,463</u>	<u>14,579,010</u>	<u>14,577,586</u>	<u>1,424</u>
Excess of Revenues Over (Under) Expenditures	<u>(958,306)</u>	<u>1,026,171</u>	<u>2,079,823</u>	<u>1,053,652</u>
Other Financing Sources:				
Refund of Prior Year Expenditures	5,000	5,000	1,094	(3,906)
Transfers-In	36,428	36,428	36,428	-
Transfers-out	(5,000,000)	(7,000,000)	(7,000,000)	-
Total Other Financing Sources	<u>(4,958,572)</u>	<u>(6,958,572)</u>	<u>(6,962,478)</u>	<u>(3,906)</u>
Net Change in Fund Balance	<u>(5,916,878)</u>	<u>(5,932,401)</u>	<u>(4,882,655)</u>	<u>1,049,746</u>
Fund Balance at Beginning of Year	<u>14,917,745</u>	<u>14,917,745</u>	<u>14,917,745</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 9,000,867</u>	<u>\$ 8,985,344</u>	<u>\$ 10,035,090</u>	<u>\$ 1,049,746</u>

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private Purpose Trust Fund	Custodial Fund
Assets:		
Equity in pooled cash and cash equivalents	\$ 2,086	\$ -
Total Assets	2,086	-
Net Position:		
Restricted for scholarships	2,086	-
Total Net Position	\$ 2,086	\$ -

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Private Purpose Trust Fund	Custodial Fund
Additions:		
Intergovernmental aid collected for other individuals	\$ -	\$ 156,739
Total Additions	-	156,739
Deductions:		
Disbursements of intergovernmental aid for other individuals	927	156,739
Total Deductions	927	156,739
Change in Net Position	(927)	-
Net Position at Beginning of Year	3,013	-
Net Position at End of Year	\$ 2,086	\$ -

See accompanying notes to the basic financial statements.

See accountants' compilation report.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Greene County Vocational School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The first official body designated as the Greene County Vocational School District was formed in March 1964.

The School District operates under an appointed seven-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the School District's instructional/support facilities staffed by 120 employees. There are 84 certificated employees and 25 classified support staff and 11 administrators, who provide services to 4,077 full and part time secondary, adult education students, and other community members.

Reporting Entity

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

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

The School District is associated with two organizations that are defined as jointly governed. These organizations are the Miami Valley Educational Computer Association and the Southwestern Ohio Educational Purchasing Council. These organizations are described in Note 13 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Greene County Vocational School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as business-type.

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

Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds:

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

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

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

Bond Retirement Fund – The Bond Retirement Debt Service fund is used to account for financial resources, including property taxes, for the repayment of principal, interest and related costs of general long-term obligations.

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for restricted financial resources to be used for purpose of repairing, renovating, remodeling, constructing and improving school buildings, furnishing and equipping school buildings, and improving school grounds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources committed by the School District for future facilities maintenance and capital acquisition.

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

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Fiduciary funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District fiduciary funds are Private Purpose Trust Funds and a Custodial Fund. The Private Purpose Trust Fund accounts for scholarship programs for students. Custodial fund is used to account for fiduciary activity not accounted for within a trust fund. The School District's custodial fund accounts for federal student loan activity for which the School District acts as the fiscal agent.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus

Government-wide Financial Statements:

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

Fund Financial Statements:

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

D. Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources are collectible 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, tuition, student fees, grants, and interest.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension, and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance operations of the next fiscal year. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and student fees. These amounts are deferred and recognized as an inflow of resources as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 9 and 10).

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For the fiscal year 2022, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hour advance notice is appreciated for of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business days(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

The School District had investments in Federally backed Agency securities, commercial paper, and negotiable CDs at June 30, 2022 which are reported at fair value.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2022 amounted to \$(163,259), \$39,860, and \$28,072 in the General Fund, Permanent Improvement Fund, and Capital Projects Fund, respectively. The negative interest revenue reported in the General Fund resulted from reporting the change in fair value of School District's pooled investments.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash and cash equivalents.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed / expensed when used. Inventory consists of expendable supplies held for consumption.

G. Prepaid Items

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities which usually result from expenditures in the governmental funds. These assets are reported in the governmental activities' column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars (\$5,000). The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Buildings	50
Building Improvements	20 - 25
Land Improvements	5 - 7
Machinery and Equipment	4 - 20
Vehicles	3 - 10

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets less salvage value. The salvage value is calculated at 5% of the cost or estimated historical cost.

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net pension is not sufficient for payment of those benefits.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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 entire compensated absences liability is reported on the government-wide financial statements.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources for food service operations, and federal and state grants restricted to expenditures for specified purposes.

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

M. 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:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable

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

Restricted

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

Committed

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

Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned

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

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

N. Interfund Activity

Transfers within governmental activities, if any, are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

O. Estimates

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

P. Budgetary Process

All funds, other than the custodial fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level only. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource and are intended to be repaid. The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the certificate that were in effect at the time the final appropriations were passed by the Board of Education.

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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 statement of revenues, expenditures and changes in fund balance - budget (non-GAAP) and actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than assigned fund balance (GAAP).
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis	\$ (4,876,563)
Revenue Accruals	(27,934)
Expenditure Accruals	65,949
Budget Perspective Difference	(44,107)
Budget Basis	\$ (4,882,655)

NOTE 4 – DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories. Active monies are public monies determined to be necessary to meet current demands upon the School District treasury.

Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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 section are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and, bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days, if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

A. Deposits

At fiscal year-end, the carrying amount of the School District’s deposits was \$776,803 and the bank balance was \$926,782. Of the bank balance, \$250,000 was covered by federal deposit insurance and the remaining \$676,782 was covered by pooled collateral as described below. The School District has no deposit policy for custodial risk beyond the requirements of State statute.

Custodial credit risk is the risk that, in the event of bank failure, the School District’s deposits may not be returned. Ohio law requires that deposits either be insured or be protected by:

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

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

B. Investments

The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year-end.

	Carrying Value	Fair Value	Investment Maturities (in years)		% of Portfolio	Credit Rating S&P
			Less than 1	1-5		
U.S. Government Agencies	\$ 1,049,759	\$ 996,644	\$ -	\$ 996,644	2.59%	AA+
U.S. Treasury Note	1,218,453	1,211,943	147,088	1,064,855	3.15%	N/A
Negotiable CD's	4,196,540	4,145,709	1,227,284	2,918,425	10.77%	N/A
Commercial Paper	15,735,978	15,693,944	15,693,944	-	40.77%	P-1
Money Market Fund	163,655	163,655	163,655	-	0.43%	AAAm
STAR Ohio	16,277,269	16,277,269	16,277,269	-	42.29%	AAAm
Total Investments	<u>\$ 38,641,654</u>	<u>\$ 38,489,164</u>	<u>\$ 33,509,240</u>	<u>\$ 4,979,924</u>		

Interest Rate Risk – The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. STAR Ohio has an average maturity of less than one year.

Credit Risk – The School District’s investment policy limits investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk – The School District places no limit on the amount it may invest in any one issuer. However, State statute limits investments in commercial paper and bankers’ acceptance to 40 percent of the interim monies available for investment at any one time.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

C. Fair Value Measurement

The School District’s investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment’s risk. The School District had the following reoccurring fair value measurements as of June 30, 2022:

<u>Investment Type</u>	<u>Total</u>	<u>Identical Assets (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
U.S. Government Agencies	\$ 996,644	\$ 996,644	\$ -	\$ -
U.S. Treasury Note	1,211,943	1,211,943	-	-
Negotiable CD's	4,145,709	-	4,145,709	-
Commercial Paper	15,693,944	15,693,944	-	-
Total	<u>\$ 22,048,240</u>	<u>\$ 17,902,531</u>	<u>\$ 4,145,709</u>	<u>\$ -</u>

NOTE 5 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility located in the school district. Real property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Public utility real personal property taxes received in calendar year 2021 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 5 – PROPERTY TAXES (continued)

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

Accrued property taxes receivable represents the property taxes which were measurable as of June 30, 2022, and for which there was 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 of resources.

The amount available as an advance at June 30, 2022 was \$639,992 in the General Fund, \$275,738 in the Bond Retirement Fund and \$161,682 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2021 was \$405,446 in the General Fund, \$175,949 in the Bond Retirement Fund and \$103,833 in the Permanent Improvement Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is recorded as a deferred inflow.

The assessed valuations upon which fiscal year 2022 taxes were collected are as follows:

	2021 2nd Half Collections	Percent	2022 1st Half Collections	Percent
Real Estate	\$ 4,607,559,930	96.81%	\$ 4,710,822,520	96.66%
Public Utility Personal	151,980,770	3.19%	162,648,590	3.34%
Total Assessed Valuation	<u>\$ 4,759,540,700</u>		<u>\$ 4,873,471,110</u>	

NOTE 6 – RECEIVABLES

Receivables at June 30, 2022 consisted of accounts (tuition and student fees), intergovernmental grants and property taxes. 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. All receivables are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the intergovernmental receivables for the governmental funds are as follows:

Nonmajor Governmental Funds:	
Agriculture Education Grant	\$ 18,274
Carl Perkins Grant	<u>61,784</u>
Total Intergovernmental Receivable	<u>\$ 80,058</u>

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS

Changes in capital assets during the fiscal year ended June 30, 2022 were as follows:

	Balance 7/1/2021	Increase	Decrease	Balance 6/30/2022
<u>Capital Assets, not depreciated:</u>				
Land	\$ 848,838	\$ -	\$ -	\$ 848,838
Construction in Progress	-	447,349	-	447,349
Total Capital Assets, not depreciated:	848,838	447,349	-	1,296,187
 <u>Capital Assets, being depreciated</u>				
Land Improvements	-	12,725	-	12,725
Buildings	70,307,424	22,951	-	70,330,375
Machinery and Equipment	4,206,004	766,162	(12,995)	4,959,171
Vehicles	388,405	175,061	-	563,466
	74,901,833	976,899	(12,995)	75,865,737
 <u>Less: Accumulated Depreciation</u>				
Land Improvements	-	(1,726)	-	(1,726)
Buildings	(1,335,841)	(1,337,447)	-	(2,673,288)
Machinery and Equipment	(742,455)	(429,511)	12,345	(1,159,621)
Vehicles	(174,851)	(56,005)	-	(230,856)
	(2,253,147)	(1,824,689)*	12,345	(4,065,491)
 Depreciable Capital Assets, Net	 72,648,686	 (847,790)	 (650)	 71,800,246
 Total Capital Assets, Net	 \$ 73,497,524	 \$ (400,441)	 \$ (650)	 \$ 73,096,433

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$ 450,793
Adult	20,577
Support Services:	
Administration	949
Operation & Maintenance of Plant	1,352,370
Total Depreciation Expense	\$ 1,824,689

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2022 were as follows:

	Balance 7/1/2021	Increase	Decrease	Balance 6/30/2022	Due within One Year
General Obligation Bonds	\$ 52,375,000	\$ -	\$ 1,800,000	\$ 50,575,000	\$ 1,900,000
Premium on Bonds	6,208,941	-	354,797	5,854,144	-
Net Pension Liability:					
STRS	13,507,880	-	5,922,808	7,585,072	-
SERS	2,902,975	-	1,131,999	1,770,976	-
Net OPEB Liability:					
SERS	895,225	-	42,053	853,172	-
Compensated Absences	<u>399,590</u>	<u>454,984</u>	<u>81,715</u>	<u>772,859</u>	<u>158,048</u>
Total Long-Term Obligations	<u>\$ 76,289,611</u>	<u>\$ 454,984</u>	<u>\$ 9,333,372</u>	<u>\$ 67,411,223</u>	<u>\$ 2,058,048</u>

The School District issued \$62,000,000 in General Obligation Bonds on February 14, 2019, for a net premium of \$7,100,602. The interest rate will be between 3.0%-5.0% and they will mature on December 1, 2038. The bonds are paid from the Bond Retirement fund.

Summary of the principal and interest requirements of general obligation debt outstanding is:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,900,000	\$ 2,231,250	\$ 4,131,250
2024	2,000,000	2,133,750	4,133,750
2025	2,175,000	2,029,375	4,204,375
2026	2,300,000	1,946,250	4,246,250
2027	2,350,000	1,858,750	4,208,750
2028-2032	13,975,000	7,321,875	21,296,875
2033-2037	17,725,000	3,531,625	21,256,625
2038-2039	<u>8,150,000</u>	<u>329,000</u>	<u>8,479,000</u>
Total	<u>\$ 50,575,000</u>	<u>\$ 21,381,875</u>	<u>\$ 71,956,875</u>

The School District pays obligations related to employee compensation (pension and OPEB contributions and compensated absences) from the fund benefitting from their service. Under current state statutes, the School District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total value of real and personal property.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District’s contractually required contribution to SERS was \$234,690 for fiscal year 2022. Of this amount, \$41,448 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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, 2022, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$1,091,969 for fiscal year 2021. Of this amount, \$215,126 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 1,770,976	\$ 7,585,072	\$ 9,356,048
Proportion of the net pension liability	0.047998%	0.059324%	
Change in proportionate share	0.004108%	0.003498%	
Pension expense	\$ 69,332	\$ 201,537	\$ 270,869

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 171	\$ 234,341	\$ 234,512
Change in assumptions	37,292	2,104,236	2,141,528
Change in School District's proportionate share and difference in employer contributions	197,445	871,820	1,069,265
School District contributions subsequent to the measurement date	234,690	1,091,969	1,326,659
Total	\$ 469,598	\$ 4,302,366	\$ 4,771,964

(Continued)

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

	SERS	STRS	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 45,929	\$ 47,544	\$ 93,473
Net difference between projected and actual earnings on pension plan investments	912,104	6,536,881	7,448,985
Change in School District's proportionate share and difference in employer contributions	-	183,057	183,057
Total	\$ 958,033	\$ 6,767,482	\$ 7,725,515

\$1,326,659 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (83,236)	\$ (951,017)	\$ (1,034,253)
2024	(143,063)	(723,874)	(866,937)
2025	(216,865)	(739,065)	(955,930)
2026	(279,961)	(1,143,129)	(1,423,090)
	\$ (723,125)	\$ (3,557,085)	\$ (4,280,210)

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 consider the employee's entire career with the employer and 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Inflation:	
Current measurement period	2.40 percent
Prior measurement period	3.00 percent
Future salary increases, including inflation	
Current measurement period	3.25 percent to 13.58 percent
Prior measurement period	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	
Current measurement period	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Prior measurement period	2.50 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Investment rate of return	
Current measurement period	7.00 percent net of System expenses
Prior measurement period	7.50 percent net of System expenses
Actuarial cost method	Entry Age Normal

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	-0.33%
US equity	24.75%	5.72%
Non-US equity developed	13.50%	6.55%
Non-US equity emerging	6.75%	8.54%
Fixed income/global bond	19.00%	1.14%
Private equity	11.00%	10.03%
Real estate/real assets	16.00%	5.41%
Multi-asset strategies	4.00%	3.47%
Private debt/private credit	<u>3.00%</u>	5.28%
Total	<u>100.00%</u>	

Discount Rate – Total pension liability was calculated using the discount rate of 7.0%. 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 (7.0%). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%), or one percentage point higher (8.0%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 2,946,468	\$ 1,770,976	\$ 779,631

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Inflation	2.50%
Salary increases	12.50% at age 20 to 2.50% at age 65
Payroll increases	3.00%
Investment rate of return, including inflation:	
Current measurement period	7.00%, net of investment expenses
Prior measurement period	7.45%, net of investment expenses
Discount rate of return	
Current measurement period	7.00%
Prior measurement period	7.45%
Cost-of-living adjustments (COLA)	0.00%

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

The actuarial assumptions were based on the results of an actual 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<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% 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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 14,204,003	\$ 7,585,072	\$ 1,992,091

Social Security System

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2022, four of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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 OPEB are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability* or fully-funded benefits as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—SERS’ Health Care program provides health care 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 mot types of purchased credit, to qualify to participate in SERS’ health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, the minimum compensation amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District’s surcharge obligation was \$11,768.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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 Board to offer this plan.

Coverage under the current program includes hospitalization, physicians’ fees and prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS health care plans include creditable prescription drug coverage. 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% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportionate share of the net OPEB asset	\$ -	\$ 1,250,792	\$ 1,250,792
Proportionate share of the net OPEB liability	853,172	-	853,172
Proportion of the net OPEB asset/liability	0.045080%	0.059324%	
Change in proportionate share	0.003888%	0.055826%	
OPEB (negative) expense	\$ (12,271)	\$ (78,406)	\$ (90,677)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 9,095	\$ 44,537	\$ 53,632
Change in assumptions	133,844	79,895	213,739
Difference between employer contributions and proportionate share of contributions	139,948	43,442	183,390
School District contributions subsequent to the measurement date	11,768	-	11,768
Total	\$ 294,655	\$ 167,874	\$ 462,529
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 424,919	\$ 229,168	\$ 654,087
Net difference between projected and actual earnings on OPEB plan investments	18,536	346,698	365,234
Change in assumptions	116,834	746,189	863,023
Difference between employer contributions and proportionate share of contributions	82,205	34,017	116,222
Total	\$ 642,494	\$ 1,356,072	\$ 1,998,566

\$11,768 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (90,570)	\$ (332,686)	\$ (423,256)
2024	(90,700)	(324,007)	(414,707)
2025	(90,655)	(338,247)	(428,902)
2026	(64,040)	(146,238)	(210,278)
2027	(19,508)	(48,455)	(67,963)
2028	(4,134)	1,435	(2,699)
	\$ (359,607)	\$ (1,188,198)	\$ (1,547,805)

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.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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 consider the employee’s entire career with the employer and 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, prepared as of June 30, 2021, are presented below:

Investment rate of return:	
Current measurement date	7.00% of net investment expense, including inflation
Prior measurement date	7.50% of net investment expense, including inflation
Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense:	
Current measurement date	2.27%, including price inflation
Prior measurement date	2.63%, including price inflation
Medical Trend Assumption:	
Current measurement date	
Pre-Medicare	6.75% - 4.40%
Medicare	5.125% - 4.40%
Prior measurement date	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	-0.33%
US equity	24.75%	5.72%
Non-US equity developed	13.50%	6.55%
Non-US equity emerging	6.75%	8.54%
Fixed income/global bonds	19.00%	1.14%
Private equity	11.00%	10.03%
Real estate/real assets	16.00%	5.41%
Multi-asset strategies	4.00%	3.47%
Private debt/private credit	<u>3.00%</u>	5.28%
Total	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from 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, 2042. 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, 2041 and the Municipal Bond Index rate of 1.92% as of June 30, 2021 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 2.27%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27%) and one percentage point higher (3.27%) than the current rate.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$ 1,057,183	\$ 853,172	\$ 690,193

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.75%) and one percentage point higher (8.00% decreasing to 5.75%) than the current rates.

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$ 656,872	\$ 853,172	\$ 1,115,368

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return:		
Current measurement date	7.00%, net of investment expenses, including inflation	
Prior measurement date	7.45%, net of investment expenses, including inflation	
Discount rate of return:		
Current measurement date	7.00%	
Prior measurement date	7.45%	
Health care cost trends:	Initial	Ultimate
Medical:		
Pre-Medicare	5.00%	4.00%
Medicare	-16.18%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	29.98%	4.00%

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

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	<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% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB asset	\$ 1,055,475	\$ 1,250,792	\$ 1,413,950

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
School District's proportionate share of the net OPEB asset	\$ 1,407,339	\$ 1,250,792	\$ 1,057,208

NOTE 11 – RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the School District contracted with Liberty Mutual Insurance Company for property, general liability and automobile insurance.

Coverage provided by Liberty Mutual is as follows:

Buildings and Contents – replacement costs (\$1,000 deductible)	\$80,883,849
Automobile Liability	1,000,000
School Errors and Omissions Liability (\$2,500 deductible)	
Total Per Year	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Umbrella Liability	5,000,000

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

B. Workers Compensation

For fiscal year 2022, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping its 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 worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 – OTHER BENEFITS

A. Compensated Absences

Accumulated Unpaid Vacation - School District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave.

Accumulated Unpaid Sick Leave - Sick leave may be accumulated by School District employees. Upon retirement, payment is made for the total unused sick leave balance up to a maximum of 76.25 days for certified employees and 27 percent of the total unused sick leave balance up to a maximum of 70 days for classified employees.

B. Insurance Benefits

The School District has elected to provide employee medical and dental benefits using United Health Care and Delta Dental coverage obtained through Southwestern Ohio Educational Purchasing Council's (SOEPC) employees benefit program. Although the Board pays 100% of the Dental insurance for fulltime employees, employees share the cost of the monthly medical premium with the Board. The Board pays ninety percent of a single plan premium and eighty-five percent of a family plan premium. The School District's responsibility for payment of claims is limited to the monthly premium contribution made to the program.

In addition, the Board pays seventy-five percent of single or family plan premiums for vision insurance through VSP and provides life insurance to employees through American United Life Insurance Company.

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association

The School District is a member of the Miami Valley Educational Computer Association (MVECA), which is a computer consortium of area School Districts sharing computer resources. MVECA is an association of public school districts in a geographical area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative instructional functions among member School Districts. The Board of MVECA consists of seven representatives from the member districts elected by majority vote of the General Assembly, which consists of representatives from the member school districts. Each member pays an annual membership fee plus any other fees for services performed by the consortium. During fiscal year 2022, the School District paid \$31,634 for services and fees. Financial information can be obtained from Thor Sage, who serves as Director, at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Southwestern Ohio Educational Purchasing Council

The School District is a member of the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SOEPC and to serve as a resource to member school districts on matters related to business operations.

The School District participates in the Council’s Employees Benefit Program (EBP), a public entity risk pool, and Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The business and affairs of the EBP and GRP are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The benefits administrator of SOEPC serves as the coordinator for both programs. EBP contributions are limited to monthly “premium” contributions. Contributions to the GRP include annual enrollment fee to cover the costs of administering the program.

The SOEPC elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members who include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments; during fiscal year 2022 the School District paid SOEPC \$805,498 for fees and employee benefits. Financial information can be obtained from Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

NOTE 14 – CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2022.

B. Litigation

The School District is not a party to any legal proceedings in which the ultimate disposition of will materially affect its financial position.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 15 – INTERFUND TRANSACTIONS

During the fiscal year, the general transferred \$5.0 million to the capital projects fund to establish funding for future facility maintenance and improvement projects. The general fund also transferred \$2.0 million to the permanent improvement fund to establish funding for future capital improvements as well as anticipated debt retirement. Also, the local grants fund, a non-major special revenue fund, transferred \$36,428 to the general fund for grant expenditures which were previously paid by the general fund.

NOTE 16 – SET ASIDE DISCLOSURE

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

During the fiscal year ended June 30, 2022, the School District’s cash basis reserve activity was as follows:

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2021	\$ -
Current Fiscal Year Set-aside Requirement	162,065
Current Fiscal Year Offsets	(2,448,779)
Qualifying Disbursements	-
Ending Set-aside Balance	(2,286,714)
Set-aside Balance Carried	
Forward to Future Fiscal Years	\$ -
Set-aside Reserve Balance as of June 30, 2022	\$ -

The School District had qualifying offsets during the fiscal year which would increase the excess of offsets/expenditures over the set-aside requirement, however due to statutory requirements, the excess balance is not permitted to be carried forward to future fiscal years. The School District therefore elected not to accumulate the information necessary to report the qualifying disbursements.

NOTE 17 – COVID-19 PANDEMIC

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received funding made available through the Consolidated Appropriations Act 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2022, the School District received \$163,652 through the Governor’s Education Emergency Relief (GEER) program.

**GREENE COUNTY VOCATIONAL SCHOOL DISTRICT
GREENE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2022, the District has implemented GASB Statement No. 87, *Leases*; GASB Implementation Guide 2019-3, *Leases*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The District determined that any contract covered by GASB Statement No. 87 and the 2019-3 GASB Implementation Guide were insignificant and therefore were not incorporated into these financial statements. The implementation of GASB Statements No. 92, 93 and 97 did not have an effect on the District’s financial statements.

Required Supplementary Information

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Schedules of School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	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
2014	0.061775%	\$ 3,673,561	\$ 1,625,434	226.00%	65.52%
2015	0.061775%	3,126,398	1,813,196	172.42%	71.70%
2016	0.055288%	3,154,775	1,768,005	178.44%	69.16%
2017	0.044886%	3,285,259	1,394,000	235.67%	62.98%
2018	0.044591%	2,664,198	1,495,007	178.21%	69.50%
2019	0.045991%	2,634,016	1,479,830	177.99%	71.36%
2020	0.040453%	2,420,394	1,439,489	168.14%	70.85%
2021	0.043890%	2,902,975	1,538,686	188.67%	68.55%
2022	0.047998%	1,770,976	1,602,214	110.53%	82.86%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 224,960	\$ (224,960)	\$ -	\$ 1,625,434	13.84%
2014	251,309	(251,309)	-	1,813,196	13.86%
2015	233,023	(233,023)	-	1,768,005	13.18%
2016	195,160	(195,160)	-	1,394,000	14.00%
2017	209,301	(209,301)	-	1,495,007	14.00%
2018	199,777	(199,777)	-	1,479,830	13.50%
2019	194,331	(194,331)	-	1,439,489	13.50%
2020	215,416	(215,416)	-	1,538,686	14.00%
2021	224,310	(224,310)	-	1,602,214	14.00%
2022	234,690	(234,690)	-	1,676,357	14.00%

See Notes to Required Supplementary Information.

See accountants' compilation report.

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Schedules of School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	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
2014	0.063256%	\$ 18,327,743	\$ 6,503,100	281.83%	69.3%
2015	0.063256%	15,386,034	6,960,162	221.06%	74.7%
2016	0.054935%	15,182,322	5,731,721	264.88%	72.1%
2017	0.054335%	18,187,408	5,717,036	318.13%	66.8%
2018	0.056901%	13,516,841	6,255,514	216.08%	75.3%
2019	0.055345%	12,169,122	6,291,793	193.41%	77.3%
2020	0.053704%	11,876,247	6,305,021	188.36%	77.4%
2021	0.055826%	13,507,880	6,737,314	200.49%	75.5%
2022	0.059324%	7,585,072	7,320,157	103.62%	87.8%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 845,403	\$ (845,403)	\$ -	\$ 6,503,100	13.00%
2014	904,821	(904,821)	-	6,960,162	13.00%
2015	802,441	(802,441)	-	5,731,721	14.00%
2016	800,385	(800,385)	-	5,717,036	14.00%
2017	875,772	(875,772)	-	6,255,514	14.00%
2018	880,851	(880,851)	-	6,291,793	14.00%
2019	882,703	(882,703)	-	6,305,021	14.00%
2020	943,224	(943,224)	-	6,737,314	14.00%
2021	1,024,822	(1,024,822)	-	7,320,157	14.00%
2022	1,091,969	(1,091,969)	-	7,797,829	14.00%

See Notes to Required Supplementary Information.

See accountants' compilation report.

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability
and School District OPEB Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	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
2017	0.041130%	\$ 1,219,743	\$ 1,394,000	87.50%	11.49%
2018	0.042109%	1,130,101	1,495,007	75.59%	12.46%
2019	0.042933%	1,191,075	1,479,830	80.49%	13.57%
2020	0.038149%	959,375	1,439,489	66.65%	15.57%
2021	0.041191%	895,225	1,538,686	58.18%	18.17%
2022	0.045080%	853,172	1,602,214	53.25%	24.08%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 20,104	\$ (20,104)	\$ -	\$ 1,394,000	1.44%
2017	8,426	(8,426)	-	1,495,007	0.56%
2018	14,048	(14,048)	-	1,479,830	0.95%
2019	14,725	(14,725)	-	1,439,489	1.02%
2020	5,873	(5,873)	-	1,538,686	0.38%
2021	8,588	(8,588)	-	1,602,214	0.54%
2022	11,768	(11,768)	-	1,676,357	0.70%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) Includes Surcharge.

See Notes to Required Supplementary Information.

See accountants' compilation report.

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)
and School District OPEB Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.054335%	\$ 2,905,825	\$ 5,717,036	50.83%	37.3%
2018	0.056901%	2,220,048	6,255,514	35.49%	47.1%
2019	0.055345%	(889,338)	6,291,793	(14.13%)	176.0%
2020	0.053704%	(889,461)	6,305,021	(14.11%)	174.7%
2021	0.055826%	(981,139)	6,737,314	(14.56%)	182.1%
2022	0.059324%	(1,250,792)	7,320,157	(17.09%)	174.7%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year (3)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ 5,717,036	0.00%
2017	-	-	-	6,255,514	0.00%
2018	-	-	-	6,291,793	0.00%
2019	-	-	-	6,305,021	0.00%
2020	-	-	-	6,737,314	0.00%
2021	-	-	-	7,320,157	0.00%
2022	-	-	-	7,797,829	0.00%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

See Notes to Required Supplementary Information.

See accountants' compilation report.

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Notes to Required Supplementary Information
School Employees Retirement System of Ohio

Notes to Pension Information

Changes of Benefit Terms

For measurement period 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Notes to Required Supplementary Information
State Teachers Retirement System of Ohio

Notes to Pension Information

Changes of Benefit Terms

For measurement period 2017, the COLA was reduced to zero.

Changes of Assumptions

For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and 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. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

Notes to OPEB Information

Changes of Benefit Terms

For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**Greene County Vocational School District
Greene County, Ohio**

Required Supplementary Information
Notes to Required Supplementary Information
State Teachers Retirement System of Ohio
(continued)

Notes to OPEB Information (continued)

Changes of Assumptions

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. 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 trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, 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. Valuation year per capita health care costs were updated.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

