

**BELLEFONTAINE CITY
SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

Cash Basis Financial Statements

**For the Fiscal Year Ended
June 30, 2021**

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

CASH BASIS FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Accountant's Compilation Report

To the Bellefontaine City School District Board of Education
Bellefontaine, Ohio

Management is responsible for the accompanying basic financial statements of the Bellefontaine City School District, which comprise the statements listed in the table of contents as of June 30, 2021, and for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. 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 assurance on the financial statements.

We draw attention to Note 2.B of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is an accounting basis other than accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
August 29, 2021

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The management's discussion and analysis of the Bellefontaine City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021, within the limitations of the School District's cash basis of accounting. 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 cash-basis financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total net cash position of the School District increased \$2,242,172 or 20.16% from fiscal year 2020.
- General cash receipts accounted for \$36,428,499 or 81.89% of total governmental activities cash receipts. Program specific cash receipts accounted for \$8,055,494 or 18.11% of total governmental activities cash receipts.
- The School District had \$42,130,821 in cash disbursements related to governmental activities; \$8,055,494 of these cash disbursements were offset by program specific charges for services, grants or contributions.
- The School District issued \$9,459,428 in Series 2020 refunding bonds to refund the outstanding Series 2014A refunding bonds.
- The School District's major funds are the General Fund, Classroom Facilities Maintenance Fund and Bond Retirement Fund.

Using this Annual Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the School District's cash basis of accounting.

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole School District, presenting an aggregate view of the School District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, there are three major governmental funds.

Reporting the School District as a Whole

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis answer the question, "How did we do financially during 2021?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the School District's net cash position and changes in those assets on a cash basis. This change in net cash position is important because it tells the reader that, for the School District as a whole, the cash basis 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, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

In the Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis the governmental activities include School District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Classroom Facilities Maintenance Fund and the Bond Retirement Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs.

Proprietary Fund

The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

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. The School District's only fiduciary fund type is custodial.

Notes to the Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position - Cash Basis provides the perspective of the School District as a whole.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The table below provides a summary of the School District's net cash position at June 30, 2021 and June 30, 2020.

	Net Cash Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Assets</u>		
Equity in pooled cash and investments	\$ 14,023,568	\$ 11,670,396
<u>Net Cash Position</u>		
Restricted	4,324,089	3,982,025
Unrestricted	<u>9,699,479</u>	<u>7,688,371</u>
Total net cash position	<u>\$ 14,023,568</u>	<u>\$ 11,670,396</u>

The total net cash position of the School District increased \$2,353,172 which represents a 20.16% increase from fiscal year 2020. The balance of government-wide unrestricted net cash position of \$9,699,479 may be used to meet the government's ongoing obligations to citizens and creditors.

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

	Change in Net Cash Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 1,694,167	\$ 1,886,245
Operating grants, contributions and interest	6,305,804	5,046,000
Capital grants, contributions and interest	<u>55,523</u>	<u>12,750</u>
Total program cash receipts	<u>8,055,494</u>	<u>6,944,995</u>
General cash receipts:		
Property and other taxes	11,782,492	9,947,121
Grants and entitlements not restricted to specific programs	13,643,458	13,401,191
Proceeds from sale of capital assets		
Refunding bonds issued	9,459,428	-
Premium on refunding bonds issued	668,814	-
Investment earnings	133,402	199,296
Other	<u>740,905</u>	<u>392,896</u>
Total general cash receipts	<u>36,428,499</u>	<u>23,940,504</u>
Total cash receipts	<u>44,483,993</u>	<u>30,885,499</u>

- (Continued)

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Change in Net Cash Position - (Continued)

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Cash Disbursements:		
Instruction:		
Regular	\$ 14,979,497	\$ 13,989,545
Special	4,558,024	4,486,808
Vocational	300,642	293,371
Support services:		
Pupil	1,660,628	1,654,860
Instructional staff	546,168	471,805
Board of education	295,413	246,882
Administration	2,060,892	2,046,809
Fiscal	613,003	595,115
Business	224,827	221,670
Operations and maintenance	2,280,175	2,188,213
Pupil transportation	850,637	840,541
Central	667,972	583,699
Operation of non instructional services:		
Food service operations	941,822	949,675
Community services	57,164	47,597
Extracurricular	622,543	687,397
Facilities acquisition and construction	35,234	15,592
Debt service:		
Principal retirement	563,960	535,290
Interest and fiscal charges	477,850	858,682
Accreted interest	271,040	-
Refunding bond issuance costs	151,590	-
Payment to refunded bond escrow agent	<u>9,971,740</u>	<u>-</u>
 Total cash disbursements	 <u>42,130,821</u>	 <u>30,713,551</u>
 Change in net cash position	 2,353,172	 171,948
Net cash position at beginning of year	<u>11,670,396</u>	<u>11,498,448</u>
Net cash position at end of year	<u>\$ 14,023,568</u>	<u>\$ 11,670,396</u>

Governmental Activities

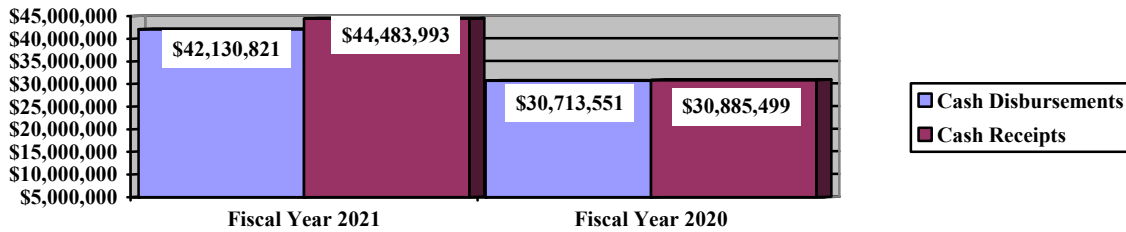
Governmental net cash position increased by \$2,353,172 in fiscal year 2021. Total governmental disbursements of \$42,130,821 were offset by program receipts of \$8,055,494 and general receipts of \$36,428,499. Program receipts supported 19.12% of the total governmental disbursements. The largest governmental disbursement was instructional which totaled \$19,838,163. The School District issued Series 2020 refunding bonds, which resulted in an increase to debt service disbursements of \$10,577,498 during fiscal year 2021, due to disbursements for refunding bond issuance costs and payment to refunded bond escrow agent.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The primary sources of receipts for governmental activities are derived from taxes and unrestricted grants and entitlements. These receipt sources represent 26.49% of total governmental receipts. Real estate property is reappraised every six years. Property taxes increased from a full year of collections on a 6.2 Mill Emergency Operating Levy that was approved May 2019. General receipts increased slightly through property tax receipts, investment earnings and miscellaneous receipts. Program cash receipts - charges for services and sales decreased from tuition, extracurricular and classroom materials and fees receipts as a result of the COVID-19 pandemic, while program cash receipts - operating grants, contributions and interest increased from Coronavirus Relief and Elementary and Secondary School Emergency federal funding, and federal subsidies received for food service operations during fiscal year 2021. The School District received \$55,523 in capital grants and contributions during fiscal year 2021 from the school bus purchase program.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



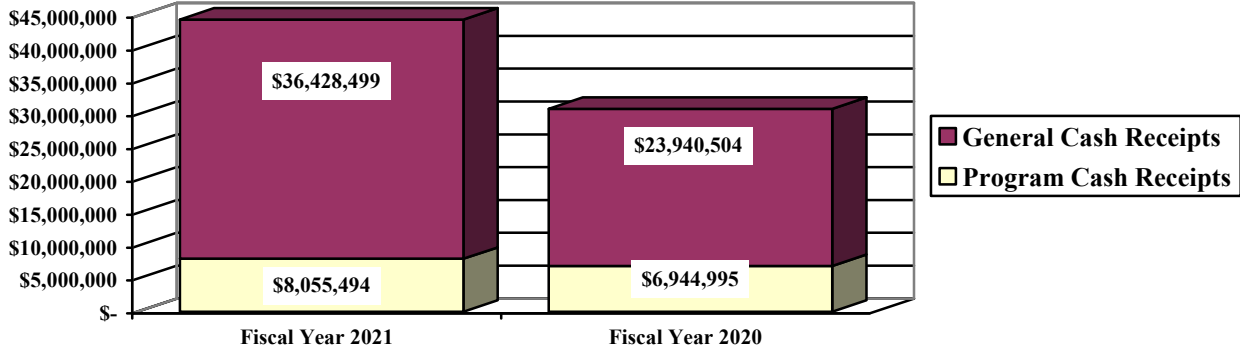
	Governmental Activities			
	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program disbursements:				
Instruction:				
Regular	\$ 14,979,497	\$ 12,730,723	\$ 13,989,545	\$ 12,344,011
Special	4,558,024	1,379,476	4,486,808	1,351,483
Vocational	300,642	199,145	293,371	191,277
Support services:				
Pupil	1,660,628	745,175	1,654,860	1,079,612
Instructional staff	546,168	485,009	471,805	425,396
Board of education	295,413	295,413	246,882	246,882
Administration	2,060,892	2,052,804	2,046,809	2,039,911
Fiscal	613,003	613,003	595,115	594,741
Business	224,827	224,827	221,670	221,670
Operations and maintenance	2,280,175	2,104,099	2,188,213	2,103,234
Pupil transportation	850,637	747,654	840,541	740,549
Central	667,972	666,214	583,699	578,879
Operation of non-instructional services:				
Food service operations	941,822	45,662	949,675	136,871
Community services	57,164	5,816	47,597	15,215
Extracurricular activities	622,543	308,893	687,397	289,261
Facilities acquisition and construction	35,234	35,234	15,592	15,592
Debt service	11,436,180	11,436,180	1,393,972	1,393,972
Total disbursements	\$ 42,130,821	\$ 34,075,327	\$ 30,713,551	\$ 23,768,556

The dependence upon general cash receipts for governmental activities is apparent; with only 19.12% of cash disbursements supported through program cash receipts during 2021.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

The School District's governmental funds reported a combined fund cash balance of \$13,391,199, which is \$2,483,776 higher than last year's total of \$10,907,423. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2021 and June 30, 2020, for all major and nonmajor governmental funds.

<u>Funds</u>	<u>Fund Cash Balance June 30, 2021</u>	<u>Fund Cash Balance June 30, 2020</u>	<u>Increase (Decrease)</u>
General	\$ 9,147,421	\$ 7,029,152	\$ 2,118,269
Classroom Facilities Maintenance	1,392,307	1,276,581	115,726
Bond Retirement	1,540,668	1,247,015	293,653
Other Nonmajor Governmental	<u>1,310,803</u>	<u>1,354,675</u>	<u>(43,872)</u>
Total	<u>\$ 13,391,199</u>	<u>\$ 10,907,423</u>	<u>\$ 2,483,776</u>

General Fund

The School District's major funds are the General Fund, Classroom Facilities Maintenance Fund and Bond Retirement Fund.

The General Fund had cash receipts and other financing sources of \$27,571,565 and cash disbursements of \$25,453,296 in 2021. The General Fund's cash balance increased \$2,118,269 or 30.14% from 2020 to 2021 due to an increase in receipts, particularly property taxes.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 10,012,310	\$ 8,351,041	19.89 %
Tuition and fees	1,158,760	1,151,278	0.65 %
Investment earnings	130,765	188,050	(30.46) %
Extracurricular	44,659	52,392	(14.76) %
Other local receipts	774,002	512,221	51.11 %
Intergovernmental	<u>15,448,256</u>	<u>15,180,492</u>	1.76 %
Total	<u>\$ 27,568,752</u>	<u>\$ 25,435,474</u>	8.39 %

Overall, General Fund cash receipts increased over prior year by 8.39%. Property taxes increased 19.89% as the result of a 6.2 mill emergency operating levy approved by voters in May 2019, fiscal year 2021 was the first full year of collections. Lower interest rates on investments resulted in a decrease in investment earnings. The increase in other local receipts of 51.11% was due to an increase in reimbursements and rebates, in particular a dividend received in December 2020 from the Bureau of Workers Compensation. Extracurricular receipts decreased due to sales, admissions and fees from music, public service and sports related activities, as activities were cancelled due to COVID-19. Intergovernmental receipts increased slightly from State foundation funding.

The table that follows assists in illustrating the disbursements of the General Fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 17,428,966	\$ 16,846,866	3.46
Support services	7,671,361	7,690,667	(0.25)
Operation of non-instructional	4,675	5,172	(9.61)
Extracurricular	<u>348,294</u>	<u>302,524</u>	15.13
Total	<u>\$ 25,453,296</u>	<u>\$ 24,845,229</u>	2.45

Cash disbursements for instructional services and support services in fiscal year 2021 in the General Fund were comparable to fiscal year 2020. Operation of non-instructional services and extracurricular disbursements decreased from 2020 related to a decrease in programs due to COVID-19.

Classroom Facilities Maintenance Fund

The Classroom Facilities Maintenance Fund is a special revenue fund that accounts for a property tax levied for the maintenance of the District's facilities. During fiscal year 2021, the fund received cash receipts of \$197,206 and made \$81,580 in cash disbursements for facilities maintenance.

Bond Retirement Fund

During fiscal year 2021, the Bond Retirement Fund had cash receipts of \$1,643,137 from property taxes and homestead and rollback and cash disbursements of \$1,505,986 for fiscal fees and debt service payments. The School District issued 2020 refunding bonds which are accounted for in the other financing sources and uses in the Bond Retirement Fund. The refunding was done to take advantage of lower interest rates.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Budgeting Highlights - General Fund

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

For the General Fund, final budgetary basis receipts of \$27,351,652 were higher than the original budget estimates of \$26,120,377. Actual cash receipts of \$27,464,686 were higher than final budget estimates by \$113,034.

The final and original budgetary basis disbursements were \$26,652,025 and \$27,505,614 respectively. The actual budgetary basis disbursements of \$25,419,611 were \$2,086,003 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The School District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The School District had \$35,234 in facilities acquisition and construction disbursements during fiscal year 2021.

Debt Administration

At June 30, 2021, the School District had \$17,255,181 in general obligation bonds outstanding. Of this total \$940,000 is due within one year and \$16,315,181 is due in more than one year. As detailed in Note 9 to the basic financial statements, the long-term debt obligations outstanding at June 30, 2020 were restated to include \$512,734 in accreted interest on the 2010A bond issue. The following table summarizes the obligations outstanding.

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>General Obligation Bonds:</u>		
2005 Refunding	\$ 3,265,000	\$ 3,715,000
2010A Tax-Exempt	410,752	563,469
2014A Refunding	-	9,460,000
2016 Refunding	4,170,000	-
2020 Refunding	<u>9,409,429</u>	<u>4,170,000</u>
Total Debt Obligations	<u>\$ 17,255,181</u>	<u>\$ 17,908,469</u>

Refer to Note 9 to the basic financial statements for further detail.

Current Financial Related Activities

The School District is located in Logan County. Property tax revenue estimates are based on historical collection levels. Since 2004, the School District has realized an annual decrease in its assessed valuation due to the phase out of the personal tangible property taxes. However, since the phase out period has expired, the School District anticipates small increases in its assessed valuation in future years. This is reflected in the figures used in the five-year forecast. 2019 was the last scheduled sexennial reassessment year for the School District. 2025 is the next scheduled sexennial reassessment year for the School District.

The biennial State budget covers the State funding cycle July 1, 2019 through June 30, 2021. State funding for all school districts was planned to be flat-lined for both budget years. However, due to the COVID-19 crisis, school district funding was cut for both fiscal year 2020 and fiscal year 2021. This is, of course, of significant concern moving forward.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The School District placed a 10 year, 6.2 mill Emergency Operating Levy on the May 7, 2019. District voters approved the issue by a 67% margin. The District began collecting revenue from the new levy effective January 1, 2020. The phase out of the tangible personal property tax continues to be an ongoing funding concern for school districts. Under the current State Budget, it appears the School District will not receive any additional Tangible Personal Property (TPP) tax replacement payments. This is important information that should not get lost in discussions about this and future budgets.

The Board continues to closely scrutinize disbursements to keep them in line with estimated receipts. Pupil teacher ratios and class sizes will continue to be closely monitored. The result of this analysis will help determine future staffing needs for the School District.

As a result of previous decreases in State funding and loss of personal tangible property taxes, the School District has continued to make budget cuts since the 2006 fiscal year. The majority of the cuts have been personnel related and made through attrition where possible. When implementing the above actions, the School District has been able to stabilize its five-year forecast. Due to the most recent budget cuts in the Summer of 2019, the School District has been able to realize a budget surplus. However, continued diligence will need to occur to maintain this trend.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Joshua Wasson, Treasurer, Bellefontaine City School District, 820 Ludlow Road, Bellefontaine, Ohio 43311.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and investments	<u>\$ 14,023,568</u>
Net position:	
Restricted for:	
Capital projects	272,197
Debt service	1,540,668
Classroom facilities maintenance	1,392,307
Food service operations	710,487
Student activities	281,234
State funded programs	52,422
Locally funded programs	57,910
Miscellaenous grant projects	16,864
Unrestricted	<u>9,699,479</u>
Total net position	<u>\$ 14,023,568</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants Contributions and Interest</u>	<u>(Disbursements) Receipts and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities:					
Instruction:					
Regular	\$ 14,979,497	\$ 1,172,555	\$ 1,076,219	\$ -	\$ (12,730,723)
Special	4,558,024	16,367	3,162,181	-	(1,379,476)
Vocational	300,642	2,036	99,461	-	(199,145)
Support services:					
Pupil	1,660,628	12,712	902,741	-	(745,175)
Instructional staff	546,168	2,808	58,351	-	(485,009)
Board of education	295,413	-	-	-	(295,413)
Administration	2,060,892	1,423	6,665	-	(2,052,804)
Fiscal	613,003	-	-	-	(613,003)
Business	224,827	-	-	-	(224,827)
Operations and maintenance	2,280,175	24,072	152,004	-	(2,104,099)
Pupil transportation	850,637	-	47,460	55,523	(747,654)
Central	667,972	1,126	632	-	(666,214)
Operation of non-instructional services:					
Food service operations	941,822	232,420	663,740	-	(45,662)
Community services	57,164	76	51,272	-	(5,816)
Extracurricular activities	622,543	228,572	85,078	-	(308,893)
Facilities acquisition and construction	35,234	-	-	-	(35,234)
Debt service:					
Principal retirement	563,960	-	-	-	(563,960)
Interest and fiscal charges	477,850	-	-	-	(477,850)
Accreted interest	271,040	-	-	-	(271,040)
Refunding bond issuance costs	151,590	-	-	-	(151,590)
Payment to refunded bond escrow agent	9,971,740	-	-	-	(9,971,740)
Total governmental activities	<u>\$ 42,130,821</u>	<u>\$ 1,694,167</u>	<u>\$ 6,305,804</u>	<u>\$ 55,523</u>	<u>(34,075,327)</u>
			General receipts:		
			Property taxes levied for:		
			General purposes		10,012,310
			Debt service		1,458,715
			Capital outlay		185,257
			Classroom facilities maintenance		126,210
			Grants and entitlements not restricted to specific programs		13,643,458
			Refunding bond issuance		9,459,428
			Premium on bond refunding		668,814
			Investment earnings		133,402
			Miscellaneous		740,905
			Total general receipts		<u>36,428,499</u>
			Change in net position		2,353,172
			Net position at beginning of year		<u>11,670,396</u>
			Net position at end of year		<u>\$ 14,023,568</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 9,147,421	\$ 1,392,307	\$ 1,540,668	\$ 1,310,803	\$ 13,391,199
Fund balances:					
Restricted:					
Capital improvements	-	-	-	272,197	272,197
Debt service	-	-	1,540,668	-	1,540,668
Classroom facilities maintenance	-	1,392,307	-	-	1,392,307
Food service operations	-	-	-	710,487	710,487
Student activities	-	-	-	281,234	281,234
State funded programs	-	-	-	52,422	52,422
Locally funded programs	-	-	-	57,910	57,910
Miscellaneous grant projects	-	-	-	16,864	16,864
Assigned:					
Student instruction	33,388	-	-	-	33,388
Student and staff support	174,300	-	-	-	174,300
Unassigned (deficit)	8,939,733	-	-	(80,311)	8,859,422
Total fund balances	<u>\$ 9,147,421</u>	<u>\$ 1,392,307</u>	<u>\$ 1,540,668</u>	<u>\$ 1,310,803</u>	<u>\$ 13,391,199</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES - CASH BASIS
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances	\$ 13,391,199
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*Amounts reported for governmental activities on the
statement of net position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities on the statement of net position.

632,369

Net position of governmental activities	<u><u>\$ 14,023,568</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:					
Property taxes	\$ 10,012,310	\$ 126,210	\$ 1,458,715	\$ 185,257	\$ 11,782,492
Intergovernmental	15,448,256	71,096	184,422	3,958,205	19,661,979
Investment earnings	130,765	-	-	2,295	133,060
Tuition and fees	1,158,760	-	-	-	1,158,760
Extracurricular	44,659	-	-	236,385	281,044
Rental income	8,024	-	-	-	8,024
Charges for services	-	-	-	246,339	246,339
Contributions and donations	25,073	-	-	107,741	132,814
Miscellaneous	740,905	-	-	207,697	948,602
Total receipts	<u>27,568,752</u>	<u>197,306</u>	<u>1,643,137</u>	<u>4,943,919</u>	<u>34,353,114</u>
Disbursements:					
Current:					
Instruction:					
Regular	13,789,523	-	-	1,123,066	14,912,589
Special	3,340,176	-	-	1,194,001	4,534,177
Vocational	299,267	-	-	-	299,267
Support services:					
Pupil	774,988	-	-	876,535	1,651,523
Instructional staff	476,956	-	-	66,405	543,361
Board of education	295,413	-	-	-	295,413
Administration	2,044,586	-	-	6,053	2,050,639
Fiscal	561,772	3,011	41,546	5,913	612,242
Business	223,364	-	-	-	223,364
Operations and maintenance	1,886,450	78,569	-	306,960	2,271,979
Pupil transportation	741,693	-	-	105,811	847,504
Central	666,139	-	-	-	666,139
Operation of non-instructional services					
Food service operations	-	-	-	938,262	938,262
Other non-instructional services	4,675	-	-	52,489	57,164
Extracurricular activities	348,294	-	-	274,249	622,543
Facilities acquisition and construction	-	-	-	35,234	35,234
Debt service:					
Principal retirement	-	-	563,960	-	563,960
Interest and fiscal charges	-	-	477,850	-	477,850
Accreted interest	-	-	271,040	-	271,040
Refunding bond issuance costs	-	-	151,590	-	151,590
Total disbursements	<u>25,453,296</u>	<u>81,580</u>	<u>1,505,986</u>	<u>4,984,978</u>	<u>32,025,840</u>
Excess (deficiency) of receipts over (under) disbursements	<u>2,115,456</u>	<u>115,726</u>	<u>137,151</u>	<u>(41,059)</u>	<u>2,327,274</u>
Other financing sources (uses):					
Premium on refunding bonds	-	-	668,814	-	668,814
Sale of refunding bonds	-	-	9,459,428	-	9,459,428
Transfers in	2,813	-	-	-	2,813
Transfers (out)	-	-	-	(2,813)	(2,813)
Payment to refunded bond escrow agent	-	-	(9,971,740)	-	(9,971,740)
Total other financing sources (uses)	<u>2,813</u>	<u>-</u>	<u>156,502</u>	<u>(2,813)</u>	<u>156,502</u>
Net change in fund balances	2,118,269	115,726	293,653	(43,872)	2,483,776
Fund balances at beginning of year	<u>7,029,152</u>	<u>1,276,581</u>	<u>1,247,015</u>	<u>1,354,675</u>	<u>10,907,423</u>
Fund balances at end of year	<u>\$ 9,147,421</u>	<u>\$ 1,392,307</u>	<u>\$ 1,540,668</u>	<u>\$ 1,310,803</u>	<u>\$ 13,391,199</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds	\$ 2,483,776
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursement) of the interna service fund is allocated among the governmental activities	<u>(130,604)</u>
Change in net position of governmental activities	<u>\$ 2,353,172</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property taxes	\$ 9,151,060	\$ 9,971,103	\$ 10,012,310	\$ 41,207
Intergovernmental	15,248,739	15,384,676	15,448,256	63,580
Investment earnings	125,000	130,227	130,765	538
Tuition and fees	1,166,056	1,119,799	1,124,426	4,627
Rental income	29,522	7,991	8,024	33
Miscellaneous	400,000	737,856	740,905	3,049
Total receipts	<u>26,120,377</u>	<u>27,351,652</u>	<u>27,464,686</u>	<u>113,034</u>
Disbursements:				
Current:				
Instruction:				
Regular	14,151,266	14,404,307	13,724,431	679,876
Special	2,961,153	3,419,866	3,340,176	79,690
Vocational	374,641	386,214	308,095	78,119
Support services:				
Pupil	1,165,481	1,169,742	756,609	413,133
Instructional staff	451,210	450,551	476,655	(26,104)
Board of education	294,989	346,949	295,413	51,536
Administration	2,032,565	2,051,230	2,042,482	8,748
Fiscal	568,710	620,778	561,772	59,006
Business	230,493	230,637	223,364	7,273
Operations and maintenance	2,470,644	2,470,550	1,934,488	536,062
Pupil transportation	857,300	857,300	741,693	115,607
Central	634,932	683,615	664,475	19,140
Operation of non-instructional services				
Community services	5,000	5,000	4,675	325
Extracurricular activities	403,641	403,641	345,948	57,693
Total disbursements	<u>26,602,025</u>	<u>27,500,380</u>	<u>25,420,276</u>	<u>2,080,104</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(481,648)</u>	<u>(148,728)</u>	<u>2,044,410</u>	<u>2,193,138</u>
Other financing sources (uses):				
Refund of prior year receipts	-	662	665	3
Transfers (out)	(50,000)	(5,896)	-	5,896
Total other financing sources (uses)	<u>(50,000)</u>	<u>(5,234)</u>	<u>665</u>	<u>5,899</u>
Net change in fund balance	(531,648)	(153,962)	2,045,075	2,199,037
Fund balance at beginning of year	6,798,482	6,798,482	6,798,482	-
Prior year encumbrances appropriated	96,176	96,176	96,176	-
Fund balance at end of year	<u>\$ 6,363,010</u>	<u>\$ 6,740,696</u>	<u>\$ 8,939,733</u>	<u>\$ 2,199,037</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property taxes	\$ 140,000	\$ 126,210	\$ 126,210	\$ -
Intergovernmental	69,343	13,790	71,096	57,306
Total receipts	<u>209,343</u>	<u>140,000</u>	<u>197,306</u>	<u>57,306</u>
Disbursements:				
Current:				
Support services:				
Fiscal	3,650	3,650	3,011	639
Operations and maintenance	697,163	697,163	103,184	593,979
Total disbursements	<u>700,813</u>	<u>700,813</u>	<u>106,195</u>	<u>594,618</u>
Net change in fund balance	(491,470)	(560,813)	91,111	651,924
Fund balance at beginning of year	1,274,851	1,274,851	1,274,851	-
Prior year encumbrances appropriated	1,730	1,730	1,730	-
Fund balance at end of year	<u>\$ 785,111</u>	<u>\$ 715,768</u>	<u>\$ 1,367,692</u>	<u>\$ 651,924</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUND
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and investments	<u>\$ 632,369</u>
Net position:	
Unrestricted	<u>\$ 632,369</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities - Internal Service Fund
Operating receipts:	
Charges for services	\$ 4,617,132
Operating disbursements:	
Administrative fees	751,767
Claims	3,998,606
Total operating disbursements	4,750,373
Operating (loss)	(133,241)
Nonoperating receipts:	
Interest receipts	2,637
Change in net position	(130,604)
Net position at beginning of year	762,973
Net position at end of year	\$ 632,369

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	\$ 24,364
Net position:	
Held for scholarships	\$ 24,364

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Additions:	
Earnings on investments	\$ 324
Contributions and donations	<u>200</u>
Total additions	<u>524</u>
Change in net position	524
Net position at beginning of year	<u>23,840</u>
Net position at end of year	<u><u>\$ 24,364</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Bellefontaine City School District (the "School District") is organized under Sections 2 and 3, Article VI of the Constitution of the state of Ohio to provide educational services to the students and other community members of the School District. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the voters of the School District.

The School District serves an area of approximately 31 square miles in Logan County, including all of the City of Bellefontaine, Ohio, and portions of surrounding townships.

The School District currently operates two elementary schools, one middle school and one comprehensive high school. The School District is staffed by 111 non-certified employees, 177 certified employees, and 18 administrators to provide services to 2,297 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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 does not have any component units.

The School District is associated with three jointly governed organizations, one joint venture, and one insurance purchasing pool. These organizations include the Ohio Hi-Point Joint Vocational School District, State Support Team Region 6, the Logan County Education Foundation, the Joint Recreation District (Blue Jacket Park) and the Hunter Consulting Company Worker's Compensation Group Rating Plan. These organizations are presented in Notes 11, 12 and 13 to the basic financial statements.

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

B. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and deferred outflows of resources and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

The School District also reports investments as assets, valued at cost basis.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

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

C. Basis of Presentation

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

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the School District's general receipts.

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

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and,
2. Total assets, receipts or disbursements of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

D. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the School District are financed. The following are the School District's major governmental funds:

General Fund - The General Fund 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.

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance Fund is used to account for the proceeds of a levy for the maintenance of facilities.

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

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

PROPRIETARY FUND

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis. The School District has one proprietary fund, an Internal Service Fund. The internal service fund is used to account for the operation of providing health and dental coverage to the employees of the School District. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The Net Position of the internal service fund is included with unrestricted net position on the government-wide statement.

**BELLEFONTAINE CITY SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

FIDUCIARY FUNDS

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for cash assets held by the 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. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund type is custodial, where the School District acts as a fiscal agent for individuals or other organizations. The School District's custodial funds account for monies collected for the Ohio High School Athletic Association (OHSAA) and programs that provide college scholarships for students for which the School District has no administrative involvement. The School District made no collections or disbursements on behalf of the OHSAA during fiscal year 2021.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object and function level within all funds are made by the Treasurer.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than assigned fund balance (cash basis).

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipt are identified by the School District's Treasurer.

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LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

Appropriations

Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the fund level of disbursements, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary disbursements of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as a restricted or assigned fund balance for subsequent-year disbursements for governmental funds.

Lapsing of Appropriations

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

F. Cash and Investments

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

During fiscal year 2021 investments were limited to STAR Ohio, U.S. government money market, commercial paper, federal agency securities, and negotiable certificates of deposit (negotiable CDs). In accordance with the cash basis of accounting, all School District investments are reported at cost.

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

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2021 were \$130,765 which includes \$47,122 of interest assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an initial maturity of more than three months that were not purchased from the cash management pool are reported as investments.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets. Depreciation is not recorded on these capital assets.

H. Compensated Absences

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

I. Long-Term Debt

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported as other financing sources when cash is received and principal and interest payments are reported as disbursements when paid.

J. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant is received.

K. Inventory

The School District reports disbursements for inventory when paid. These items are not reflected as assets in the accompanying financial statements.

L. Pensions/Other Postemployment Benefits (OPEB)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Equity Classifications

Government-Wide Financial Statements

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

1. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specified purposes. At June 30, 2021, there were no net positions restricted by enabling legislation.
2. Unrestricted net position - All other net positions that do not meet the definition of "restricted."

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

Fund Financial Statements

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

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

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.

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

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 are eliminated on the government-wide financial statements.

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

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements/expenses in the reimbursing fund and a reduction in disbursements/expense in the reimbursed fund.

O. Receipts and Disbursements

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and sales, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the District.

C. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Elementary and Secondary School Emergency	\$ 4,438
21st Century	11,745
IDEA, Part B	27,313
Title I, Disadvantaged Children	26,120
Improving Teacher Quality	3,542
Miscellaneous Federal Grants	7,153

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

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

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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 fair 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any one time; and,
8. Under certain circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

At fiscal year-end, the carrying amount of the School District's deposits was \$10,397,916 and the bank balance was \$10,478,032. Of the School District's bank balance, \$7,254,188 was covered by federal depository insurance and \$3,223,844 was covered by the OPCS.

As of June 30, 2021, the School District has \$2,490 deposited in cash on hand. This amount is included in equity in pooled cash and investments.

B. Investments

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

<u>Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 716,731	\$ 716,731	\$ -	\$ -	\$ -	\$ -
U.S. government money market	4,110	4,110	-	-	-	-
Commercial paper	878,758	379,405	499,353	-	-	-
FHLB	260,000	-	-	-	-	260,000
FFCB	149,927	-	-	-	-	149,927
FHLMC	150,000	-	-	-	-	150,000
Negotiable CDs	1,488,000	493,000	750,000	245,000	-	-
Total	<u>\$ 3,647,526</u>	<u>\$ 1,593,246</u>	<u>\$ 1,249,353</u>	<u>\$ 245,000</u>	<u>\$ -</u>	<u>\$ 559,927</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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the fair value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: The School District's investments at June 30, 2021, in STAR Ohio are rated AAAM by Standard & Poor's. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Home Loan Bank (FHLB) securities are rated AAA and Aaa by Standard & Poor's and Moody's, respectively. The Federal Farm Credit Bank (FFCB) and Federal Home Loan Mortgage Corporation (FHLMC) securities are rated AA+ and Aaa by Standard & Poor's and Moody's, respectively. The U.S. government money market and negotiable CDs are not rated. The negotiable CD's are fully covered by the FDIC. The weighted average of maturity of the investment portfolio held the School District as of June 30, 2021 is 0.91 years.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time.

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

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements were phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Logan County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 300,219,710	95.79	\$ 301,543,790	95.52
Public utility personal	<u>13,199,050</u>	<u>4.21</u>	<u>14,146,910</u>	<u>4.48</u>
Total	<u>\$ 313,418,760</u>	<u>100.00</u>	<u>\$ 315,690,700</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$ 61.08		\$ 61.08

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NOTE 6 - RISK MANAGEMENT

A. Public Liability

The School District is exposed to various risks related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles.

Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

B. Workers’ Compensation

The School District participates in the Hunter Consulting Company Workers’ Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of the Hunter Consulting Company provides administrative, cost control and actuarial services to the Plan.

C. Self-Insurance

The School District has established a Self-Insurance Fund in the Internal Service Fund Type to account for and finance its uninsured risks of loss. Under this program, the Self-Insurance Fund provides coverage for up to a maximum of \$75,000 per claim per employee. The School District purchases commercial insurance for claims in excess of coverage provided by this fund and for other risks of loss including annual aggregate stop losses coverage for annual claims paid. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years.

The School District is also self-insured for employee health care benefits. The Self Insurance Fund pays covered claims to service providers, and recovers these costs from interfund rates that are charged based on claims approved by the claims administrator. A comparison of Self Insurance Fund cash balance and estimated liability as of June 30, 2021 and June 30, 2020 follows:

	2021	2020
Cash	\$ 632,369	\$ 762,973
Estimated Liabilities	545,952	356,000

NOTE 7 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions/OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

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NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The School District's contractually required contribution to SERS was \$468,887 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits.

New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The School District's contractually required contribution to STRS was \$1,772,245 for fiscal year 2021.

Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.10060560%	0.11131197%	
Proportion of the net pension liability current measurement date	<u>0.09581420%</u>	<u>0.10512709%</u>	
Change in proportionate share	<u>-0.00479140%</u>	<u>-0.00618488%</u>	
Proportionate share of the net pension liability	\$ 6,337,353	\$ 25,437,015	\$ 31,774,368

Actuarial Assumptions - SERS

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

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

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

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NOTE 7 - 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, 2020, are presented below:

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

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

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NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 8,681,400	\$ 6,337,353	\$ 4,370,653

Actuarial Assumptions - STRS

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

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

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$ 36,217,881	\$ 25,437,015	\$ 16,301,129

NOTE 8 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$60,558.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$60,558 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org 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, 2020, STRS did not allocate any employer contributions to post-employment health care.

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liability/Asset

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

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.10331460%	0.11131197%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.09970010%</u>	<u>0.10512709%</u>	
Change in proportionate share	<u>-0.00361450%</u>	<u>-0.00618488%</u>	
Proportionate share of the net OPEB liability	\$ 2,166,809	\$ -	\$ 2,166,809
Proportionate share of the net OPEB asset	\$ -	\$ (1,847,608)	\$ (1,847,608)

Actuarial Assumptions - SERS

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

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

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

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	School District's proportionate share of the net OPEB liability	\$ 2,652,121	\$ 2,166,809

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB liability	\$ 1,709,198	\$ 2,166,809

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

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

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 1,607,538	\$ 1,847,608

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 2,038,653	\$ 1,847,608

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

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NOTE 9 - DEBT OBLIGATIONS

The balance of the long-term debt obligations has been restated at June 30, 2020, to include the \$512,734 balance of the accreted interest on the 2010A capital appreciation bonds (CABs). The following is a description of the School District's bonds outstanding as of June 30, 2021:

	Restated Balance <u>06/30/20</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/2021</u>	Due Within <u>One Year</u>
<i><u>General Obligation Bonds:</u></i>					
2005 Refunding Bonds, 5.0-5.5%	\$ 3,715,000	\$ -	\$ (450,000)	\$ 3,265,000	\$ 470,000
2010A Tax-Exempt Bonds:					
CABs	50,735	-	(21,874)	28,861	18,931
Accreted interest	512,734	122,283	(253,126)	381,891	286,069
2014A Refunding Bond Issue	9,460,000	-	(9,460,000)	-	-
2016 Refunding Bonds, 1.00-4.00%	4,170,000	-	-	4,170,000	-
2020 Refunding Bonds:					
Current Interest, 0.903% - 2.107%	-	9,140,000	-	9,140,000	-
CABs	-	319,428	(92,086)	227,342	79,845
Accreted interest	-	60,001	(17,914)	42,087	85,155
Total Debt Obligations	<u>\$ 17,908,469</u>	<u>\$ 9,641,712</u>	<u>\$ (10,295,000)</u>	<u>\$ 17,255,181</u>	<u>\$ 940,000</u>

2005 General Obligation Advance Refunding Bonds - In April 2005, the School District issued \$7,475,000 in voted general obligation bonds for the purpose of refunding a portion of the 1999 School Improvement Bonds originally issued for the purpose of additions and renovations to the High School. The refunding bond issue consists of \$3,760,000 in serial bonds and \$3,715,000 in term bonds. The serial bonds have interest rates at 5.0 percent and yield rates from 2.45 to 4.22 percent. Term bonds have a 5.5 percent interest rate with final maturities on December 1, 2023 and December 1, 2026. The bonds will be retired from the Debt Service Fund. The source of payment is derived from current 2.70 mill and current 2.60 mill bonded debt facilities tax levies.

The remaining serial bonds matured each year beginning in 2010 through 2019. Bonds maturing on December 1, 2016, 2017, 2018 and 2019 were subject to redemption at the option of the School District, in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2015, at the redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption.

The term bonds maturing on December 1, 2023 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2020 and each December 1 thereafter. The remaining principal amount of such Bonds (\$530,000) will mature at stated maturity on December 1, 2023.

The term bonds maturing on December 1, 2026 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2024 and 2025. The remaining principal amount of such bonds (\$620,000) will mature at stated maturity on December 1, 2026.

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NOTE 9 - DEBT OBLIGATIONS - (Continued)

Future debt service payments on the current interest bonds are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	2005 Refunding		
	Principal	Interest	Total
2022	\$ 470,000	\$ 166,650	\$ 636,650
2023	500,000	139,975	639,975
2024	530,000	111,650	641,650
2025	555,000	81,813	636,813
2026	590,000	50,325	640,325
2027	620,000	17,050	637,050
Total	<u>\$ 3,265,000</u>	<u>\$ 567,463</u>	<u>\$ 3,832,463</u>

2010A School Facilities Construction and Improvement Bonds - In September 2010, the School District issued \$14,579,923 in general obligation bonds for the purpose of constructing two new school buildings. The bond issue consisted of \$205,000 of tax-exempt serial bonds, \$184,923 of tax-exempt capital appreciation bonds and \$14,190,000 in Build America Bonds (BABs). The serial bonds had interest rates at 2.0 percent. The Capital Appreciation Bonds bear interest, compounded semi-annually on June 1 and December 1 (the "interest Accretion Dates"), from the date of their issuance, but the interest is payable only at maturity. The Build America Bonds had a 5.45 percent to 5.90 percent. The bonds are retired from the Bond Retirement Fund. The source of payment is derived from current 2.80 mill and current 0.5 mill bonded debt tax levies.

The capital appreciation bonds mature on December 1, of 2020, 2021, and 2022 (stated interest rate of 26.373%, 26.375%, and 26.377%, respectively) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds outstanding at June 30, 2021 is \$510,000. A total of \$28,861 in interest has been accreted on the capital appreciation bonds as of June 30, 2021.

During 2014 and 2016 the 2010 serial BABs were refunded. At June 30, 2021, \$28,861 of the tax-exempt capital appreciation bonds are outstanding.

Future debt service payments on the capital appreciation bonds are as follows:

Fiscal Year Ending June 30,	Capital Appreciation Bonds		
	2010A Refunding		
	Principal	Interest	Total
2022	\$ 18,931	\$ 286,069	\$ 305,000
2023	9,930	195,070	205,000
Total	<u>\$ 28,861</u>	<u>\$ 481,139</u>	<u>\$ 510,000</u>

Refunding Bonds, 2014A - On May 20, 2014, the School District issued \$9,470,000 in voted general obligation unlimited tax serial bonds. The bonds advance refunded \$9,810,000 of outstanding 2010B Build America (BABs) General Obligation Bonds, including term bonds maturing on December 1, 2030 through December 1, 2035. The bonds were issued for a twenty-two year period with final maturities at December 1, 2035.

At the date of refunding, \$9,838,752 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. The advance refunding reduced cash flows required for debt service by \$424,543 over the next thirteen years and resulted in an economic gain of \$345,154.

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NOTE 9 - DEBT OBLIGATIONS - (Continued)

The bond issue consisted of serial bonds. The serial bonds were issued with a varying interest rate of 3.0 - 4.0 percent. The bonds that matured on or after December 1, 2022, were subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2021, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to date.

On August 12, 2020, the District issued \$9,459,428 in Series 2020 advance refunding general obligation bonds to refund the \$9,460,000 Series 2014A refunding bond issue.

Refunding Bonds, 2016 - On May 12, 2016, the School District issued \$4,255,000 in general obligation unlimited tax refunding bonds. The bonds advance refunded \$4,380,000 of outstanding 2010B Build America (BABs) General Obligation Bonds. The bonds were issued for a twenty-five year period with final maturities at June 1, 2041.

At the date of refunding, \$4,496,289 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. The advance refunding reduced cash flows required for debt service by \$551,503 over the next 24 years and resulted in an economic gain of \$375,988.

The bond issue consists of serial and term bonds. The serial bonds were issued with an interest rate of 1.00 percent. Interest payments on the current interest bonds are due on December 1 and June 1 of each year.

The term bonds maturing on December 1, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2036 (\$770,000). The remaining principal amount of such term bonds (\$800,000) will mature at stated maturity on December 1, 2037.

The term bonds maturing on December 1, 2040 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, 2038 (\$835,000) and December 1, 2039 (\$865,000). The remaining principal amount of such term bonds (\$900,000) will mature at stated maturity on December 1, 2040.

Future debt service payments on the current interest bonds are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	2016 Refunding		
	Principal	Interest	Total
2022	\$ -	\$ 160,300	\$ 160,300
2023	-	160,300	160,300
2024	-	160,300	160,300
2025	-	160,300	160,300
2026	-	160,300	160,300
2027-2031	-	801,500	801,500
2032-2036	-	801,500	801,500
2037-2042	<u>4,170,000</u>	<u>407,088</u>	<u>4,577,088</u>
Total	<u>\$ 4,170,000</u>	<u>\$ 2,811,588</u>	<u>\$ 6,981,588</u>

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NOTE 9 - DEBT OBLIGATIONS - (Continued)

Refunding Bonds, Series 2020: On August 12, 2020, the District issued \$9,459,428 in Series 2020 refunding bonds to advance refund \$9,460,000 of the Series 2014A refunding bonds. These bonds are unlimited tax obligation debt, which is voted general obligation debt of the District, for which its full faith and credit is pledged for repayment. The bonds are paid from the Bond Retirement Fund.

The refunding issue is comprised of both current interest serial and term bonds, par value \$9,140,000, and capital appreciation bonds, par value \$319,428. The interest rates on the current interest bonds range from 0.903% to 2.1079%. Interest payments on the current interest bonds are due on December 1 and June 1 of each year.

The current interest term bonds maturing on December 1, 2035 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 the years of the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2031	\$ 835,000
2032	780,000
2033	715,000
2034	680,000

The capital appreciation bonds mature on December 1, of 2020, 2021, 2022, and 2023 (stated interest rate of 64.25%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,010,000. A total of \$42,087 in interest has been accreted on the capital appreciation bonds as of June 30, 2021.

The net present value savings of the refunding was \$1,293,711. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded bonds, which have a balance of \$9,460,000, were not included in the District's outstanding debt obligations since the District has in-substance satisfied its obligations through the advance refunding. \$9,971,740 was paid to the refunding escrow agent in fiscal year 2021 as part of the refunding transaction.

Future debt service payments on the bonds are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>General Obligation Bonds - Current Interest</u>			<u>General Obligation Bonds - CABs</u>		
	<u>2020 Refunding</u>			<u>2020 Refunding</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 156,456	\$ 156,456	\$ 79,845	\$ 85,155	\$ 165,000
2023	-	156,456	156,456	72,072	187,928	260,000
2024	-	156,456	156,456	75,425	399,575	475,000
2025	500,000	154,199	654,199	-	-	-
2026	535,000	149,124	684,124	-	-	-
2027-2031	4,400,000	581,376	4,981,376	-	-	-
2032-2036	3,705,000	187,155	3,892,155	-	-	-
Total	<u>\$ 9,140,000</u>	<u>\$ 1,541,222</u>	<u>\$ 10,681,222</u>	<u>\$ 227,342</u>	<u>\$ 672,658</u>	<u>\$ 900,000</u>

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NOTE 10 - SET-ASIDE REQUIREMENTS

The School District is required by state law to set aside certain General Fund receipt amounts, as defined, into various reserves. For the fiscal year ended June 30, 2021, the reserve activity was as follows:

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	419,399
Current year offsets	<u>(419,399)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts’ elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

B. State Support Team Region 6

The State Support Team Region 6 (“SST6”) is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SST6 is governed by a board of 52 members made up of the 50 superintendents of the participating School Districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Becky Rees, Director, at 1045 Dearbaugh, Suite #1, Wapakoneta, Ohio 45895.

C. Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Karen Sorreles, who serves as Financial Advisor, 121 South Opera Street, Bellefontaine, Ohio 43311.

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NOTE 12 - JOINT VENTURE

The Joint Recreation District (Blue Jacket Park) - The Joint Recreation School District (JRD) was established June 25, 1984. The JRD is operated by a seven member Board consisting of three representatives from both the Bellefontaine City School District and the City of Bellefontaine.

The remaining member is selected by the six appointed Board members. The JRD operates the Blue Jacket Park which is adjacent to the Bellefontaine City School District and for which the School District owns the land. The operating budget for the JRD is passed by the City of Bellefontaine and is submitted to the JRD Board. To obtain financial information write to the City of Bellefontaine, Fred Brentlinger, who serves as Auditor, at 135 North Detroit Street, Bellefontaine, Ohio 43311.

NOTE 13 - INSURANCE PURCHASING POOL

The Hunter Consulting Company Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Hunter Consulting Company Workers' Compensation Group Rating Plan (the "Plan") was established through the Hunter Consulting Company as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the Plan.

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

NOTE 15 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The School District's investment portfolio and the pension and other employee benefits plan in which the School District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

The statements of receipts, disbursements and changes in cash basis fund balance - budget and actual (budget basis), presented for the General Fund and Classroom Facilities Maintenance Fund, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the General Fund and Classroom Facilities Maintenance Fund are as follows:

Net Change in Fund Balance

	General fund	Classroom Facilities Maintenance Fund
Budget basis	\$ 2,045,075	\$ 91,111
Funds budgeted elsewhere**	10,152	-
Adjustment for encumbrances	63,042	24,615
GAAP basis	\$ 2,118,269	\$ 115,726

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

NOTE 17 - ENCUMBRANCES

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

Fund	Amount
General	\$ 63,266
Classroom Facilities Maintenance	24,615
Non-Major Governmental	171,460
Total	\$ 259,341

NOTE 18 - TAX ABATEMENTS

The Ohio Enterprise Zone Program (EZ) is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. The tax being abated is real property tax. The tax incentives are negotiated at the local level and the enterprise zone agreement must be in place before the project begins. The EZ Program is part of Chapter 5709 of the Ohio Revised Code. The EZ’s geographic area is determined by the local communities. Resolution number 90-80 and resolution number 519-90, passed by the City of Bellefontaine and Logan County, Ohio, sets forth the area of the City of Bellefontaine that can negotiate an EZ agreement. The taxes are abated by exempting certain assessed valuation of the property for a period of time.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 18 - TAX ABATEMENTS - (Continued)

The following company has entered into an EZ agreement with the City of Bellefontaine and Logan County that forgo real property taxes assessed to School District:

ISS America, Inc. - The City of Bellefontaine grants a tax exemption of 75% on all new property improvements as part of the project. Each project improvement will receive an exemption for a period of ten years. No exemption shall commence after December 31, 2005, nor extend beyond December 31, 2025. ISS America, Inc. has agreed to create 35 new full-time permanent jobs by July 31, 2018, which will net approximately \$1,050,000 of additional annual payroll in exchange for the abatement. The Tax Incentive Review Council meets annually to review the exemptions and to determine whether the company is maintaining their end of the agreement. If an agreement is terminated by the Review Council the assessed valuation of the property will be set at its fair market valuation with no additional exemption allowed. The gross dollar amount by which the taxes were reduced to the School District for fiscal year 2021 was approximately \$6,600.