



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

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BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Black River Local School District  
Medina County  
257-A County Road 40  
Sullivan, Ohio 44880

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Black River Local School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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***Opinion***

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

***Emphasis of Matter***

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

***Other Matters***

***Required Supplementary Information***

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

***Supplementary and Other Information***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 6, 2022

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**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

The management's discussion and analysis of the Black River Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities increased \$264,566 or 7.55% from 2020's net position.
- General revenues accounted for \$15,065,896 in revenue or 79.46% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,903,154 or 20.54% of total revenues of \$18,969,050.
- The District had \$18,704,484 in expenses related to governmental activities; only \$3,903,154 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,065,896 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$15,996,507 in revenues and \$15,785,778 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$210,729 from a balance of \$2,045,247 to a balance of \$2,255,976.

**Using the Basic Financial Statements**

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

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

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**Reporting the District as a Whole**

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

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

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

The District's statement of net position and statement of activities can be found on pages 19-20 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general 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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-25 of this report.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 26 and 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-65 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 68-83 of this report.

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**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2021 and 2020.

	Net Position - Governmental Activities	
	2021	2020
<b><u>Assets</u></b>		
Current and other assets	\$ 10,809,042	\$ 9,955,886
Net OPEB asset	875,479	857,619
Capital assets, net	8,717,246	8,528,314
Total assets	20,401,767	19,341,819
<b><u>Deferred outflows of resources</u></b>		
Pension	2,648,081	2,847,064
OPEB	459,352	308,641
Total deferred outflows	3,107,433	3,155,705
<b><u>Liabilities</u></b>		
Current liabilities	1,540,252	1,445,654
Long-term liabilities:		
Due within one year	76,694	103,883
Due in more than one year:		
Net pension liability	15,623,520	14,621,234
Net OPEB liability	1,222,407	1,367,271
Other amounts	582,440	624,083
Total liabilities	19,045,313	18,162,125
<b><u>Deferred inflows of resources</u></b>		
Property taxes	5,425,948	5,461,975
Pensions	563,447	890,724
OPEB	1,713,793	1,486,567
Total deferred inflows	7,703,188	7,839,266
<b><u>Net Position</u></b>		
Net investment in capital assets	8,717,246	8,528,314
Restricted	1,255,961	658,739
Unrestricted (deficit)	(13,212,508)	(12,690,920)
Total net position (deficit)	\$ (3,239,301)	\$ (3,503,867)

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

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

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

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

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

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

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

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

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

*Analysis of Net Position*

Over time, net position can serve as a useful indicator of a District's financial position. At June 30, 2021, the District's liabilities plus deferred inflows of resources exceeded assets and deferred outflows by \$3,239,301.

Current and other assets increased approximately 8.57% primarily due to an increase in property taxes receivable due to increased assessed valuations.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 13 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail.

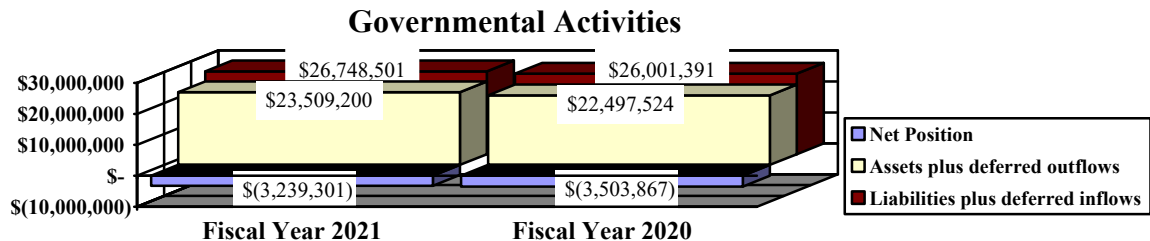
At year-end, capital assets represented 42.73% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Investment in capital assets at June 30, 2021, was \$8,717,246. These capital assets are used to provide services to the students and are not available for future spending.

Deferred inflows related to pension decreased primarily due to changes in assumptions by STRS. See Note 13 for more detail.

Long-term liabilities increased primarily due to an increased in the net pension liability. This liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District. Additionally, other amounts of long-term liabilities decreased due to the District paying down its debt obligations.

A portion of the District's net position, \$1,255,961, represents resources that are subject to external restriction on how they may be used. The District's unrestricted net position is a deficit of \$13,212,508.

The table below provides a summary of the District's assets and deferred outflows, liabilities and deferred inflows and net position for fiscal years 2021 and 2020.



**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

	Change in Net Position - Governmental Activities	
	2021	2020
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,106,204	\$ 1,268,621
Operating grants and contributions	2,759,036	1,943,834
Capital grants and contributions	37,914	-
General revenues:		
Property taxes	7,449,938	6,110,635
Grants and entitlements	7,224,779	7,057,576
Sales tax	331,187	303,049
Miscellaneous	59,992	56,707
Total revenues	<u>18,969,050</u>	<u>16,740,422</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	9,273,468	8,482,075
Special	2,333,261	2,662,560
Vocational	428,512	390,100
Other	-	1,549
Support services:		
Pupil	934,818	767,729
Instructional staff	312,387	347,422
Board of education	88,743	96,074
Administration	1,225,900	1,227,351
Fiscal	468,571	455,466
Business	29,625	33,297
Operations and maintenance	1,350,221	1,246,199
Pupil transportation	1,128,338	1,163,481
Central	21,514	117,788
Operation of non-instructional services:		
Food service operations	568,471	424,139
Other non-instructional services	70,949	94,207
Extracurricular activities	456,066	563,098
Interest and fiscal charges	<u>13,640</u>	<u>20,745</u>
Total expenses	<u>18,704,484</u>	<u>18,093,280</u>
Change in net position	264,566	(1,352,858)
Net position (deficit) at beginning of year	<u>(3,503,867)</u>	<u>(2,151,009)</u>
Net position (deficit) at end of year	<u>\$ (3,239,301)</u>	<u>\$ (3,503,867)</u>

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

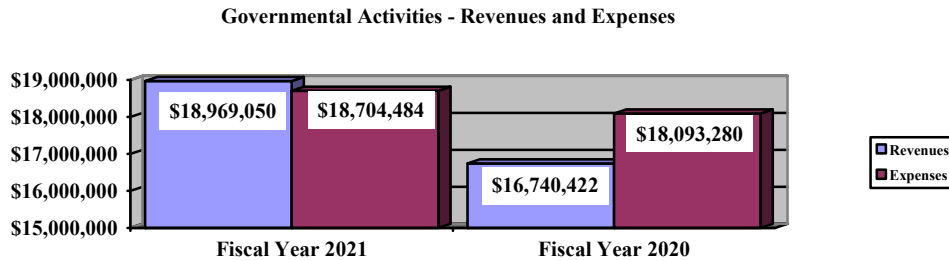
**Governmental Activities**

Net position of the District's governmental activities increased \$264,566. Total governmental expenses of \$18,704,484 were offset by program revenues of \$3,903,154 and general revenues of \$15,065,896. Program revenues supported 20.87% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 77.36% of total governmental revenue. Real estate property is reappraised every six years. Unrestricted grants and entitlements increased due to increased Foundation funding from the State of Ohio. Operating grants and contributions increased due to increased funding from the State of Ohio and the Federal government.

Expenses of the governmental activities increased \$611,204 from the prior fiscal year. The increase is primarily due to an increase in regular instruction expenses as a result of annual salary increases.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2021 and 2020:





**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 9,273,468	\$ 7,930,511	\$ 8,482,075	\$ 7,512,123
Special	2,333,261	1,082,837	2,662,560	1,352,304
Vocational	428,512	330,792	390,100	301,956
Other	-	-	1,549	1,120
Support services:				
Pupil	934,818	709,195	767,729	673,005
Instructional staff	312,387	253,575	347,422	197,653
Board of education	88,743	88,743	96,074	96,074
Administration	1,225,900	1,196,588	1,227,351	1,196,715
Fiscal	468,571	468,509	455,466	455,466
Business	29,625	29,625	33,297	33,297
Operations and maintenance	1,350,221	1,198,582	1,246,199	1,222,510
Pupil transportation	1,128,338	1,003,944	1,163,481	1,122,609
Central	21,514	21,421	117,788	117,788
Operation of non-instructional:				
Food service operations	568,471	189,863	424,139	133,074
Other non-instructional services	70,949	14,952	94,207	86,440
Extracurricular activities	456,066	268,553	563,098	357,946
Interest and fiscal charges	13,640	13,640	20,745	20,745
Total expenses	<u>\$ 18,704,484</u>	<u>\$ 14,801,330</u>	<u>\$ 18,093,280</u>	<u>\$ 14,880,825</u>

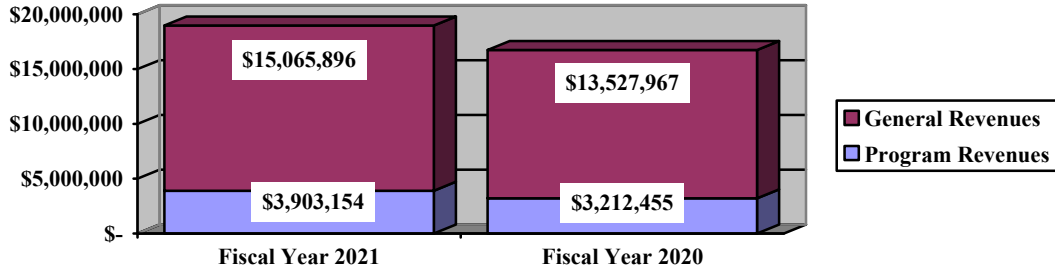
The dependence upon tax and other general revenues for governmental activities is apparent, as 77.64% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.13%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue for fiscal years 2021 and 2020.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$3,250,797 which is more than last year's balance of \$2,467,363. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Fund Balance</u> <u>June 30, 2020</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 2,255,976	\$ 2,045,247	\$ 210,729
Other Governmental	994,821	422,116	572,705
Total	<u>\$ 3,250,797</u>	<u>\$ 2,467,363</u>	<u>\$ 783,434</u>

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**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

***General Fund***

The District's general fund's fund balance increased by \$210,729.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 7,053,686	\$ 5,775,388	\$ 1,278,298	22.13 %
Tuition and fees	954,217	935,044	19,173	2.05 %
Earnings on investments	13,774	26,266	(12,492)	(47.56) %
Intergovernmental	7,845,975	7,692,048	153,927	2.00 %
Other revenues	<u>128,855</u>	<u>83,138</u>	<u>45,717</u>	54.99 %
Total	<u>\$ 15,996,507</u>	<u>\$ 14,511,884</u>	<u>\$ 1,484,623</u>	10.23 %
<b><u>Expenditures</u></b>				
Instruction	\$ 9,931,604	\$ 9,619,976	\$ 311,628	3.24 %
Support services	4,916,408	4,823,004	93,404	1.94 %
Operation of non-instructional services	14,250	83,278	(69,028)	(82.89) %
Extracurricular activities	40,643	67,111	(26,468)	(39.44) %
Facilities acquisition and construction	362,598	11,275	351,323	3,115.95 %
Debt service	<u>55,195</u>	<u>55,399</u>	<u>(204)</u>	(0.37) %
Total	<u>\$ 15,320,698</u>	<u>\$ 14,660,043</u>	<u>\$ 660,655</u>	4.51 %

Revenues of the general fund increased \$1,484,623 or 10.23%. Tuition and fees increased due to increased special education revenues. Earnings on investment decreased due to lower interest rates on investments. Tax revenues increased primarily due to an increase in property taxes. All other revenues remained comparable to the prior fiscal year.

Expenditures of the general fund increased \$660,655 or 4.51%. Instruction expenditures are the largest District expenditures and increased primarily in the area of special instruction due to the increased costs of educating students with special needs. Support services increased mainly due to increases in operations and maintenance as a result of increased maintenance upkeep costs and repairs. Extracurricular expense decreased due to the COVID-19 pandemic cancelling events. Facilities acquisition and construction increased due to the Districts ongoing CIP project. All other expenditures remained comparable to the prior fiscal year or decreased an insignificant amount.

***General Fund Budgeting Highlights***

The 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 budgeted revenues and other financing sources were \$13,517,370, which was a \$197,910 increase in the final budgeted revenues in total. The District made line item changes to the budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2021 were \$14,019,681, which is \$502,311 more than final budgeted revenues and other financing sources.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

General fund original appropriations (appropriated expenditures plus other financing uses) of \$13,748,118 were less than the final appropriations of \$14,808,847. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$14,770,470, which were \$38,377 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2021, the District had \$8,717,246 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

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

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

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 437,361	\$ 437,361
Construction in progress	354,075	-
Land improvements	409,188	341,373
Building and improvements	6,907,089	7,163,799
Furniture, fixtures, and equipment	179,908	183,820
Vehicles	<u>429,625</u>	<u>401,961</u>
Total	<u>\$ 8,717,246</u>	<u>\$ 8,528,314</u>

The overall increase in capital assets of \$188,932 is primarily due to depreciation expense of \$657,076 not exceeding capital asset additions of \$846,008 for fiscal year 2021. See Note 9 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2021, the District had \$434,000 in energy conservation notes. Of this total, \$43,000 is due within one year and \$391,000 is due in greater than one year. The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Energy conservation notes	\$ 434,000	\$ 476,000
Capital leases payable	<u>-</u>	<u>24,496</u>
Total	<u>\$ 434,000</u>	<u>\$ 500,496</u>

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

At June 30, 2021, the District's overall legal debt margin was \$23,053,954 and the unvoted debt margin was \$256,155. See Note 10 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The Black River Local School District is a rural school district that encompasses 125 square miles in southwestern Medina, southern Lorain and northern Ashland counties. The Board of Education and administration closely monitor revenues and expenditures so as to remain financially sound. The District faces financial challenges from both local and State issues. The State currently provides approximately 51% of the district's operating revenue, while local taxpayers provide the remaining 49%. The district is on the guarantee with regard to State funding. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is quite strong.

The School District's management will continue to carefully and prudently plan to provide effective and efficient programs and services to meet the needs of our students with all available resources.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brian Haines, Treasurer at Black River Local School District, 257-A County Road 40, Sullivan, Ohio 44880.

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**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2021

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 2,975,911
Receivables:	
Property taxes	7,329,652
Sales Tax	237,998
Intergovernmental	241,647
Prepayments	15,225
Materials and supplies inventory	4,358
Inventory held for resale	4,251
Net OPEB asset (Note 14)	875,479
Capital assets:	
Nondepreciable capital assets	791,436
Depreciable capital assets, net	7,925,810
Capital assets, net	8,717,246
Total assets	20,401,767
<b>Deferred outflows of resources:</b>	
Pension (Note 13)	2,648,081
OPEB (Note 14)	459,352
Total deferred outflows of resources	3,107,433
<b>Liabilities:</b>	
Accounts payable	38,408
Accrued wages and benefits payable	1,207,206
Intergovernmental payable	52,958
Pension and postemployment benefits payable	240,683
Accrued interest payable	997
Long-term liabilities:	
Due within one year	76,694
Due in more than one year:	
Net pension liability (Note 13)	15,623,520
Net OPEB liability (Note 14)	1,222,407
Other amounts due in more than one year	582,440
Total liabilities	19,045,313
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	5,425,948
Pension	563,447
OPEB	1,713,793
Total deferred inflows of resources	7,703,188
<b>Net position:</b>	
Net investment in capital assets	8,717,246
Restricted for:	
Capital projects	550,417
State funded programs	612,052
Federally funded programs	28,238
Student activities	43,962
Other purposes	21,292
Unrestricted (deficit)	(13,212,508)
Total net position (deficit)	\$ (3,239,301)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

	Expenses	Charges for Services and Sales	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
			Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 9,273,468	\$ 726,010	\$ 616,947	\$ -	\$ (7,930,511)
Special	2,333,261	230,109	1,020,315	-	(1,082,837)
Vocational	428,512	4,288	93,432	-	(330,792)
Support services:					
Pupil	934,818	-	225,623	-	(709,195)
Instructional staff	312,387	-	58,812	-	(253,575)
Board of education	88,743	-	-	-	(88,743)
Administration	1,225,900	1,115	28,197	-	(1,196,588)
Fiscal	468,571	-	62	-	(468,509)
Business	29,625	-	-	-	(29,625)
Operations and maintenance	1,350,221	9,787	141,852	-	(1,198,582)
Pupil transportation	1,128,338	2,321	84,159	37,914	(1,003,944)
Central	21,514	-	93	-	(21,421)
Operation of non-instructional services:					
Food service operations	568,471	8,190	370,418	-	(189,863)
Other non-instructional services	70,949	-	55,997	-	(14,952)
Extracurricular activities	456,066	124,384	63,129	-	(268,553)
Interest and fiscal charges	13,640	-	-	-	(13,640)
<b>Total governmental activities</b>	<b>\$ 18,704,484</b>	<b>\$ 1,106,204</b>	<b>\$ 2,759,036</b>	<b>\$ 37,914</b>	<b>\$ (14,801,330)</b>

**General revenues:**

Property taxes levied for:

General purposes	7,044,930
Capital outlay	405,008
Sales Tax	331,187
Grants and entitlements not restricted to specific programs	7,224,779
Investment earnings	13,774
Miscellaneous	46,218
Total general revenues	<u>15,065,896</u>

Change in net position 264,566

**Net position (deficit) at beginning of year** (3,503,867)

**Net position (deficit) at end of year** \$ (3,239,301)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 1,867,742	\$ 1,108,169	\$ 2,975,911
Receivables:			
Property taxes	6,995,718	333,934	7,329,652
Interfund loans	228,497	-	228,497
Intergovernmental	37,053	204,594	241,647
Prepayments	15,225	-	15,225
Materials and supplies inventory	-	4,358	4,358
Inventory held for resale	-	4,251	4,251
Sales Tax	-	237,998	237,998
Total assets	\$ 9,144,235	\$ 1,893,304	\$ 11,037,539
<b>Liabilities:</b>			
Accounts payable	\$ 13,024	\$ 25,384	\$ 38,408
Accrued wages and benefits payable	1,083,082	124,124	1,207,206
Compensated absences payable	13,743	-	13,743
Intergovernmental payable	51,160	1,798	52,958
Pension and postemployment benefits payable	219,188	21,495	240,683
Interfund loans payable	-	228,497	228,497
Total liabilities	1,380,197	401,298	1,781,495
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	5,175,936	250,012	5,425,948
Delinquent property tax revenue not available	295,240	14,098	309,338
Intergovernmental revenue not available	36,886	69,190	106,076
Sales tax revenue not available	-	163,885	163,885
Total deferred inflows of resources	5,508,062	497,185	6,005,247
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory	-	4,358	4,358
Prepays	15,225	-	15,225
Unclaimed funds	1,742	-	1,742
Restricted:			
Capital improvements	-	372,434	372,434
State funded programs	-	604,854	604,854
Federally funded programs	-	5,603	5,603
Extracurricular	-	43,962	43,962
Other purposes	-	19,550	19,550
Committed:			
Capital improvements	-	118,089	118,089
Assigned:			
Student instruction	95,707	-	95,707
Student and staff support	262,707	-	262,707
Extracurricular activities	14	-	14
Facilities acquisition and construction	263,077	-	263,077
Subsequent year's appropriations	336,824	-	336,824
Unassigned (deficit)	1,280,680	(174,029)	1,106,651
Total fund balances	2,255,976	994,821	3,250,797
Total liabilities, deferred inflows and fund balances:	\$ 9,144,235	\$ 1,893,304	\$ 11,037,539

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

<b>Total governmental fund balances</b>		\$	3,250,797
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			8,717,246
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	309,338	
Sales Tax Receivable		163,885	
Intergovernmental receivable		106,076	
Total		106,076	579,299
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(997)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		2,648,081	
Deferred inflows - pension		(563,447)	
Net pension liability		(15,623,520)	
Deferred outflows - OPEB		459,352	
Deferred inflows - OPEB		(1,713,793)	
Net OPEB asset		875,479	
Net OPEB liability		(1,222,407)	
Total		(1,222,407)	(15,140,255)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(211,391)	
Energy Conservation Note		(434,000)	
Total		(645,391)	(645,391)
<b>Net position (deficit) of governmental activities</b>		<b>\$</b>	<b><u><u>3,239,301</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 7,053,686	\$ 406,172	\$ 7,459,858
Intergovernmental	7,845,975	2,098,848	9,944,823
Investment earnings	13,774	-	13,774
Tuition and fees	954,217	-	954,217
Extracurricular	15,624	118,873	134,497
Rental income	9,300	-	9,300
Charges for services	-	8,190	8,190
Contributions and donations	59,230	4,972	64,202
Miscellaneous	44,701	2,768	47,469
Sales Tax	-	314,516	314,516
Total revenues	<u>15,996,507</u>	<u>2,954,339</u>	<u>18,950,846</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	7,850,569	597,689	8,448,258
Special	1,692,635	528,576	2,221,211
Vocational	388,400	12,026	400,426
Support services:			
Pupil	816,988	89,989	906,977
Instructional staff	253,462	35,900	289,362
Board of education	87,951	-	87,951
Administration	1,110,845	40,204	1,151,049
Fiscal	446,986	5,083	452,069
Business	29,625	-	29,625
Operations and maintenance	1,173,539	390,386	1,563,925
Pupil transportation	975,795	133,948	1,109,743
Central	21,217	80	21,297
Operation of non-instructional services:			
Food service operations	-	544,052	544,052
Other non-instructional services	14,250	55,965	70,215
Extracurricular activities	40,643	359,578	400,221
Facilities acquisition and construction	362,598	28,194	390,792
Debt service:			
Principal retirement	42,000	24,496	66,496
Interest and fiscal charges	13,195	548	13,743
Total expenditures	<u>15,320,698</u>	<u>2,846,714</u>	<u>18,167,412</u>
Excess of revenues over expenditures	<u>675,809</u>	<u>107,625</u>	<u>783,434</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	465,080	465,080
Transfers (out)	(465,080)	-	(465,080)
Total other financing sources (uses)	<u>(465,080)</u>	<u>465,080</u>	<u>-</u>
Net change in fund balances	210,729	572,705	783,434
<b>Fund balances at beginning of year</b>	<u>2,045,247</u>	<u>422,116</u>	<u>2,467,363</u>
<b>Fund balances at end of year</b>	<u>\$ 2,255,976</u>	<u>\$ 994,821</u>	<u>\$ 3,250,797</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

<b>Net change in fund balances - total governmental funds</b>	\$	783,434
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 846,008	
Current year depreciation	(657,076)	
Total		188,932
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(9,920)	
Sales Tax	16,671	
Intergovernmental	11,453	
Total		18,204
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		66,496
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable		103
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,105,007	
OPEB	36,538	
Total		1,141,545
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,978,999)	
OPEB	49,671	
Total		(1,929,328)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(4,820)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>264,566</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 4,624,029	\$ 4,696,904	\$ 5,081,849	\$ 384,945
Intergovernmental	7,373,595	7,483,175	7,641,508	158,333
Investment earnings	25,031	25,229	13,774	(11,455)
Tuition and fees	921,338	935,021	954,217	19,196
Extracurricular	1,647	1,673	1,793	120
Rental income	10,191	10,324	9,300	(1,024)
Contributions and donations	(776)	73	59,230	59,157
Miscellaneous	11,132	11,698	39,457	27,759
Total revenues	<u>12,966,187</u>	<u>13,164,097</u>	<u>13,801,128</u>	<u>637,031</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	7,785,863	7,516,480	7,479,288	37,192
Special	1,323,818	1,458,975	1,457,825	1,150
Vocational	256,675	282,544	282,544	-
Support services:				
Pupil	603,925	715,156	715,156	-
Instructional staff	221,842	254,988	254,988	-
Board of education	88,125	102,020	102,020	-
Administration	1,006,181	1,102,055	1,102,020	35
Fiscal	224,786	345,703	345,703	-
Business	39,901	31,949	31,949	-
Operations and maintenance	1,144,909	1,296,250	1,296,250	-
Pupil transportation	860,041	952,901	952,901	-
Central	98,074	11,453	11,453	-
Operation of non-instructional services:				
Other non-instructional services	58,964	23,647	23,647	-
Extracurricular activities	11,373	36,379	36,379	-
Facilities acquisition and construction	21,717	623,152	623,152	-
Debt service:				
Principal	1,464	42,000	42,000	-
Interest and fiscal charges	460	13,195	13,195	-
Total expenditures	<u>13,748,118</u>	<u>14,808,847</u>	<u>14,770,470</u>	<u>38,377</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(781,931)</u>	<u>(1,644,750)</u>	<u>(969,342)</u>	<u>675,408</u>
<b>Other financing sources:</b>				
Refund of prior year's expenditures	341,269	341,269	217,407	(123,862)
Sale of capital assets	12,004	12,004	1,146	(10,858)
Total other financing sources (uses)	<u>353,273</u>	<u>353,273</u>	<u>218,553</u>	<u>(134,720)</u>
Net change in fund balance	(428,658)	(1,291,477)	(750,789)	540,688
<b>Fund balance at beginning of year</b>	1,329,725	1,329,725	1,329,725	-
<b>Prior year encumbrances appropriated</b>	241,618	241,618	241,618	-
<b>Fund balance at end of year</b>	<u>\$ 1,142,685</u>	<u>\$ 279,866</u>	<u>\$ 820,554</u>	<u>\$ 540,688</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 36,064
<b>Liabilities:</b>	
Restricted for individuals, organizations and other government:	\$ 36,064

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
<b>Additions:</b>	
Earnings on investments	\$ 311
Contributions and donations	<u>4,395</u>
Total additions	<u>4,706</u>
<b>Deductions:</b>	
Scholarships awarded	<u>2,425</u>
Change in net position	2,281
<b>Net position at beginning of year</b>	<u>33,783</u>
<b>Net position at end of year</b>	<u><u>\$ 36,064</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

The Black River Local School District (the “District”) is located in portions of Medina County, Ashland County and Lorain County in Northeast Ohio. The District includes all of the villages of Sullivan, Spencer, Homerville and portions of surrounding townships, covering approximately 125 square miles. The District was organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District operates one comprehensive school, serving grades Pre-K through 8, and one high school. Including administrators, the District employs 66 non-certified and 93 certified full-time and part-time employees to provide services to approximately 1,120 students in grades Pre-K through 12 and various community groups.

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

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

**A. Reporting Entity**

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

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

Medina County Career Center (the “MCCC”)

The MCCC is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of students. The MCCC accepts non-tuition students from the District as a member District; however, it is considered a separate political subdivision and is not considered to be part of the District. The Board of Education of the MCCC consists of representatives from the Boards of each participating District. Financial information can be obtained by contacting the Treasurer of the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256-3842.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

Midland Council of Governments (the “Midland COG”)

The Midland COG is a jointly governed organization among twenty-two boards of education. The Midland COG was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Midland COG is provided by member fees levied according to the number of students within each member’s respective District. The Executive Committee determines and sets the fees for all services.

Representation on the Midland COG consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Midland COG is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent. Financial information can be obtained by contacting the Treasurer of the Midland COG, 2125 Eagle Pass, Wooster, Ohio 44691.

*PUBLIC ENTITY RISK POOLS*

Stark County School Council of Governments Health Benefit Plan

The Stark County School Council of Governments Health Benefit Plan (the “Council”) is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by an assembly which consists of one representative from each participating District (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating Districts, based on the established premiums for the insurance plans. Each District reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. Financial information can be obtained by contacting the Treasurer of the Council, 6057 Strip Avenue N.W., North Canton, Ohio 44720.

Ohio School Plan

The District participates in the Ohio School Plan (the “Plan”), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan’s business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Administrative Services, LLC is the Plan’s administrator and is responsible for processing claims. The Plan has an agreement with Hylant Administrative Services, LLC (HAS) to provide underwriting, claim management, risk management, accounting, system support services, sales, and marketing for the Plan. All of these services are paid for by the Plan. Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43624.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

*GOVERNMENTAL FUNDS*

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

The following is the District's major governmental fund:

*General fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for scholarship programs for students where the District does not select the recipient and has no administrative involvement.

**C. Basis of Presentation and Measurement Focus**

*Government-Wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*Deferred Inflow of Resources and Deferred Outflow of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 13 and 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively.

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

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

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

For the District, see Note 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Budgetary Process**

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

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

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

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

**F. Cash and Investments**

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

During fiscal year 2021, investments were limited to nonnegotiable certificates of deposit. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the custodial funds. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$13,774, which includes \$4,084 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not made from the pool are reported as investments.

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the consumption method on both the fund financial statements and the government-wide statements.

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

Inventories consist of donated food, purchased food, and non-food supplies.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

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

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

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

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture, fixtures, and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Interfund Activity**

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

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

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liabilities to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, employees age fifty seven or greater with two years of service, age fifty two or greater with seven years of service or any age with twenty seven years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

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

**L. Fund Balance**

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

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

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

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

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

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



**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2021, there was no net position restricted by enabling legislation.

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

**N. Contributions of Capital**

Contributions of capital in the government-wide financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The District had no capital contributions in fiscal year 2021.

**O. Estimates**

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

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

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Food Service	\$ 32,122
District Managed Student Activity	13,990
ESSER	4,865
Coronavirus Relief	4,138
IDEA Part B	62,774
Title I	2,617
Miscellaneous Federal Grants	49,165

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

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

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

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

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$125 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

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

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

**B. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all District deposits was \$3,011,850. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2021, \$2,539,913 of the District’s bank balance of \$3,073,771 was covered by the Ohio Pooled Collateral System, while \$533,858 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The 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 District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the District’s financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

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

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

<u>Cash per note</u>	
Carrying amount of deposits	\$ 3,011,850
Cash on hand	125
Total	\$ 3,011,975
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,975,911
Custodial funds	36,064
Total	\$ 3,011,975

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Interfund Balances**

Interfund balances at June 30, 2021, as reported on the fund statements consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 228,497

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

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

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**B. Interfund Transfers**

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

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 465,080
Total	<u>\$ 465,080</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

The transfer from the debt service fund (a nonmajor governmental fund) to the permanent improvement fund (a nonmajor governmental fund) to close out the debt service fund, was made in compliance with Ohio Revised Code Section 5705.14 (c) (2).

All transfers during fiscal year 2021 were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 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 35 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 year 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 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Ashland, Lorain and Medina County. The County Auditor periodically advances to the 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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

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

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 213,516,550	88.66	\$ 225,492,230	88.03
Public utility personal	<u>27,319,160</u>	<u>11.34</u>	<u>30,662,810</u>	<u>11.97</u>
Total	<u>\$ 240,835,710</u>	<u>100.00</u>	<u>\$ 256,155,040</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 52.00		\$ 52.00	

**NOTE 7 - SHARED SALES TAX REVENUE**

During 2007, the voters of Medina County passed an additional one-half percentage tax to be used for capital improvements at all Districts within the County. Collection began in October 2007. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County. The County then allocates this tax to the Districts within the County based on the student enrollment number. During fiscal year 2021, the District recorded shared sales tax revenue of \$314,516 in the capital grants fund (a nonmajor governmental fund).

**NOTE 8 - RECEIVABLES**

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

A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 7,329,652
Sales tax	237,998
Intergovernmental	<u>241,647</u>
Total governmental activities	<u>\$ 7,809,297</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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

**NOTE 9 - CAPITAL ASSETS**

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

	Balance			Balance
	<u>06/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/21</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 437,361	\$ -	\$ -	\$ 437,361
Construction-in-progress	-	354,075	-	354,075
Total capital assets, not being depreciated	<u>437,361</u>	<u>354,075</u>	<u>-</u>	<u>791,436</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,996,033	114,471	-	2,110,504
Buildings and improvements	16,793,011	203,660	-	16,996,671
Furniture, fixtures and equipment	1,391,918	43,691	-	1,435,609
Vehicles	1,511,053	130,111	(40,000)	1,601,164
Total capital assets, being depreciated	<u>21,692,015</u>	<u>491,933</u>	<u>(40,000)</u>	<u>22,143,948</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,654,660)	(46,656)	-	(1,701,316)
Buildings and improvements	(9,629,212)	(460,370)	-	(10,089,582)
Furniture, fixtures and equipment	(1,208,098)	(47,603)	-	(1,255,701)
Vehicles	(1,109,092)	(102,447)	40,000	(1,171,539)
Total accumulated depreciation	<u>(13,601,062)</u>	<u>(657,076)</u>	<u>40,000</u>	<u>(14,218,138)</u>
Governmental activities capital assets, net	<u>\$ 8,528,314</u>	<u>\$ 188,932</u>	<u>\$ -</u>	<u>\$ 8,717,246</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$ 466,681
Support Services:	
Instructional staff	6,398
Administration	569
Operations and maintenance	33,308
Pupil transportation	110,242
Operation of non-instructional services:	
Food service operations	6,848
Extracurricular activities	33,030
Total depreciation expense	<u>\$ 657,076</u>

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

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due in One Year
<b>Governmental Activities:</b>					
General obligation bonds:					
Series 2011 school improvement					
Energy conservation notes	\$ 476,000	\$ -	\$ (42,000)	\$ 434,000	\$ 43,000
Capital lease obligation	24,496	-	(24,496)	-	-
Net pension liability	14,621,234	1,002,286	-	15,623,520	-
Net OPEB liability	1,367,271	-	(144,864)	1,222,407	-
Compensated absences	227,470	(39,189)	36,853	225,134	33,694
Total governmental activities long-term liabilities	<u>\$ 16,716,471</u>	<u>\$ 963,097</u>	<u>\$ (174,507)</u>	<u>\$ 17,505,061</u>	<u>\$ 76,694</u>

Compensated Absences

Compensated absences will be paid from the fund from which the employee's salary is paid which, for the District, is primarily the general fund.

Capital Lease Obligation

See Note 19 for further information on the District's capital lease obligations.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14.

Series 2011 School Improvement Refunding Bonds

On April 1, 2001, the District issued general obligation bonds (Series 2001 School Improvement Refunding Bonds) to advance refund the callable portion of the previously issued Series 1994 School Improvement General Obligation Bonds (principal \$4,780,000; interest rate ranging from 4.35% to 4.90%; stated maturity December 1, 2019). \$5,225,581 of 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, which was called for redemption on December 1, 2004, at a cost of 102% of par value, plus accrued interest. This refunded debt is considered defeased (in-substance). Payments of principal and interest relating to these notes are recorded as expenditures in the debt service fund.

On May 30, 2011, the District issued par value \$3,130,000 general obligation bonds (Series 2011 School Improvement Refunding Bonds) to refund the callable Series 2001 School Improvement Refunding Bond. This refunded debt is considered defeased (in-substance). The interest rate on the current interest bonds is 3.00%. Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The bonds matured on December 1, 2019.



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

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

Energy Conservation Notes

In fiscal year 2015, the District issued \$664,594 in energy conservation notes. The energy conservation notes bear an annual interest rate of 2.90% and mature on December 1, 2029. Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the statement of net position. Payments of principal and interest relating to these notes are recorded as expenditures in the general fund. No capital assets were acquired as a result of the energy project as the District did not capitalize expenditures resulting from the energy conservation note issuance.

The following is a summary of the future annual debt service requirements to maturity for the energy conservation notes:

Fiscal Year Ending	Principal	Interest	Total
2022	\$ 43,000	\$ 11,962	\$ 54,962
2023	45,000	10,686	55,686
2024	46,000	9,367	55,367
2025	47,000	8,019	55,019
2026	48,000	6,641	54,641
2027 - 2030	<u>205,000</u>	<u>12,080</u>	<u>217,080</u>
Total	<u>\$ 434,000</u>	<u>\$ 58,755</u>	<u>\$ 492,755</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$23,053,954 and an unvoted debt margin of \$256,155.

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service. Vacation credit is earned one year and taken in the next. An employee may elect to carry over credit from one year to the next but may not schedule or accumulate more than five weeks in any one calendar year. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation, up to a maximum accumulation of eighty days for both certified and classified employees with ten or more years of service with the District. An employee receiving such payment must meet the retirement provisions set by STRS Ohio and SERS.

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

**NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)**

**B. Health Insurance**

The District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the “Council”); a public entity risk pool that currently operates as a common risk management and health insurance program for member Districts. The District pays a monthly premium to the pool for health, prescription drug, and dental coverage. The pool agreement provides that the Council will be self-sustaining through member premiums, and the pool has purchased stop-loss coverage from private insurance carriers to cover claims in excess of \$200,000 for any employee in a year or to cover aggregate claims in excess of 120% of the prior year’s total claims. Individual coverage per person cannot exceed \$1,000,000 in claims during his or her lifetime.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2021, the District purchased insurance coverage through the Ohio School Plan.

**B. Ohio School Plan**

The District is a member of the Ohio School Plan, an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to 278 participating Ohio schools (“Members”). Pursuant to Section 2744.081 of the Ohio Revised Code, the Ohio School Plan is deemed a separate legal entity. The Ohio School Plan provides property, general liability, educator’s legal liability, automobile, and violence coverages, modified for each member’s needs. The Ohio School Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s specific deductible.

The Ohio School Plan issues its own policies and reinsures the School Plan with reinsurances carriers. Only if the Ohio School Plan’s paid liability loss ratio exceeds 65% and is less than 80% does the Ohio School Plan contribute to paid claims (see the Ohio School Plan’s audited financial statements on the website for more details). The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Ohio School Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members’ equity at December 31, 2020, 2019 and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets	\$ 13,471,241	\$ 12,967,922	\$ 12,764,109
Liabilities	4,909,663	4,843,762	4,451,197
Members' equity	8,561,578	8,124,160	8,312,912

You can read the complete audited financial statements for The Ohio School Plan at its website, [www.ohioschoolplan.org](http://www.ohioschoolplan.org) under “*Financials*”. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

**C. Workers’ Compensation**

The District pays the State Workers’ Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that the State calculates. The District does not utilize a third party administrator for premium remittance.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - 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.

The net pension/OPEB liability (asset) represent the 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 District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the 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 14 for the required OPEB disclosures.

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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 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 District's contractually required contribution to SERS was \$252,335 for fiscal year 2021. Of this amount, \$37,021 is reported as pension and postemployment benefits payable.

***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](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 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.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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.

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 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 District's contractually required contribution to STRS was \$852,672 for fiscal year 2021. Of this amount, \$155,822 is reported as pension and postemployment benefits payable.

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

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

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05298440%	0.05178112%	
Proportion of the net pension liability current measurement date	<u>0.05397960%</u>	<u>0.04981392%</u>	
Change in proportionate share	<u>0.00099520%</u>	<u>-0.00196720%</u>	
Proportionate share of the net pension liability	\$ 3,570,324	\$ 12,053,196	\$ 15,623,520
Pension expense	\$ 460,386	\$ 1,518,613	\$ 1,978,999

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 6,936	\$ 27,046	\$ 33,982
Net difference between projected and actual earnings on pension plan investments	226,644	586,146	812,790
Changes of assumptions	-	647,023	647,023
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	49,279	-	49,279
Contributions subsequent to the measurement date	<u>252,335</u>	<u>852,672</u>	<u>1,105,007</u>
Total deferred outflows of resources	<u>\$ 535,194</u>	<u>\$ 2,112,887</u>	<u>\$ 2,648,081</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 77,073	\$ 77,073
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>486,374</u>	<u>486,374</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 563,447</u>	<u>\$ 563,447</u>

\$1,105,007 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 38,204	\$ 222,257	\$ 260,461
2023	79,227	63,087	142,314
2024	94,470	231,486	325,956
2025	70,958	179,938	250,896
Total	\$ 282,859	\$ 696,768	\$ 979,627

***Actuarial Assumptions - SERS***

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

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

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

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

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.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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:

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

**Sensitivity of the 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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 4,890,909	\$ 3,570,324	\$ 2,462,329



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**NOTE 13 - DEFINED BENEFIT PENSION 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 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:

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	100.00 %	

\*\*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.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the 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 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:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 17,161,653	\$ 12,053,196	\$ 7,724,205

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 13 for a description of the net OPEB liability (asset).

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

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

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

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 District's surcharge obligation was \$36,538.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$36,538 for fiscal year 2021. Of this amount, \$36,538 is reported as pension and postemployment benefits payable.

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

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

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.

***OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 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 District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.05436920%	0.05178112%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.05624590%</u>	<u>0.04981392%</u>	
Change in proportionate share	<u>0.00187670%</u>	<u>-0.00196720%</u>	
Proportionate share of the net OPEB liability	\$ 1,222,407	\$ -	\$ 1,222,407
Proportionate share of the net OPEB asset	\$ -	\$ 875,479	\$ 875,479
OPEB expense	\$ 12,378	\$ (62,049)	\$ (49,671)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 16,056	\$ 56,097	\$ 72,153
Net difference between projected and actual earnings on OPEB plan investments	13,777	30,681	44,458
Changes of assumptions	208,378	14,452	222,830
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	83,373	-	83,373
Contributions subsequent to the measurement date	<u>36,538</u>	<u>-</u>	<u>36,538</u>
Total deferred outflows of resources	<u>\$ 358,122</u>	<u>\$ 101,230</u>	<u>\$ 459,352</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 621,680	\$ 174,383	\$ 796,063
Changes of assumptions	30,790	831,560	862,350
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>19,901</u>	<u>35,479</u>	<u>55,380</u>
Total deferred inflows of resources	<u>\$ 672,371</u>	<u>\$ 1,041,422</u>	<u>\$ 1,713,793</u>

\$36,538 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (72,306)	\$ (236,071)	\$ (308,377)
2023	(71,311)	(215,303)	(286,614)
2024	(71,472)	(208,023)	(279,495)
2025	(66,703)	(197,376)	(264,079)
2026	(50,520)	(40,655)	(91,175)
Thereafter	(18,475)	(42,764)	(61,239)
Total	\$ (350,787)	\$ (940,192)	\$ (1,290,979)

***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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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - 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 14 - 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 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
	District's proportionate share of the net OPEB liability	\$ 1,496,196	\$ 1,222,407

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 962,553	\$ 1,222,407

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - 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.



**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 14 - 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 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 761,724	\$ 875,479	\$ 971,996
	Current		
	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 966,005	\$ 875,479	\$ 765,205

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local 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 District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**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 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 District.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) Encumbrances are treated as expenditures for all funds (budget) rather than as an assignment or commitment of fund balance (GAAP);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ (750,789)
Net adjustment for revenue accruals	439,594
Net adjustment for expenditure accruals	122,300
Net adjustment for other sources/uses	(218,553)
Funds budgeted elsewhere	14,142
Adjustment for encumbrances	604,035
GAAP basis	\$ 210,729

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the public school support, emergency levy and the community services funds. In addition, the unclaimed monies fund is legally budgeted as a separate private-purpose, but is considered part of the general fund on a GAAP Basis.

**NOTE 17 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	194,022
Current year qualifying expenditures	(833,262)
Total	\$ (639,240)
Balance carried forward to fiscal year 2022	\$ -
Set-aside balance June 30, 2021	\$ -

The District had qualifying expenditures during the year that reduced the capital improvements set-aside amount to zero. Any excess of current year offsets or qualifying disbursements over the set-aside requirement may not be used to reduce the set-aside requirements of future years. The negative amount, therefore, would not be presented as being carried forward to the next fiscal year.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 17 - SET-ASIDES - (Continued)**

During fiscal year 1994, the District issued \$7,325,000 in capital related general obligation bonds. These proceeds may be used to reduce the capital acquisition set-aside to zero in future years. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods. As of June 30, 2021, the entire balance of \$7,325,000 was available to be used as offsets in future years.

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. To the extent of available balances at June 30, 2021, encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At fiscal year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 591,098
Nonmajor governmental	<u>275,376</u>
Total	<u>\$ 866,474</u>

**NOTE 19 - CAPITAL LEASES - LESSEE DISCLOSURE**

In fiscal year 2019, the District entered into a capital lease agreement for iPads. This lease meets the criteria of a capital lease as defined by GASB, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. No capital assets were acquired by the iPad lease agreement as the individual assets acquired did not exceed the District's threshold for capitalization.

A corresponding liability for future principal payments on the lease agreements was recorded in the statement of net position. Principal and interest payments in the 2021 fiscal year for the iPad lease agreements were \$24,496 and \$548, respectively. These amounts are reflected as debt service in the capital grants fund (a nonmajor governmental fund) and as a reduction to the long-term liabilities reported on the statement of net position.

The lease was completely paid during the 2021 fiscal year.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

**NOTE 20 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the 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 District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During fiscal year 2021, the District received \$118,759 as a on-behalf of grants from other governments. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**NOTE 21 - SUBSEQUENT EVENT**

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$467,238 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.05397960%	0.05298440%	0.05130510%	0.05221160%
District's proportionate share of the net pension liability	\$ 3,570,324	\$ 3,170,150	\$ 2,938,338	\$ 3,119,528
District's covered payroll	\$ 1,815,064	\$ 1,902,541	\$ 1,796,044	\$ 1,745,186
District's proportionate share of the net pension liability as a percentage of its covered payroll	196.71%	166.63%	163.60%	178.75%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

\* The amounts present each fiscal year were determined as of 6/30 of the previous fiscal year.

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.05265330%	0.04935950%	0.04299000%	0.04299000%
\$ 3,853,736	\$ 2,816,501	\$ 2,175,699	\$ 2,556,477
\$ 1,416,193	\$ 1,486,320	\$ 1,249,214	\$ 1,243,215
272.12%	189.49%	174.17%	205.63%
62.98%	69.16%	71.70%	65.52%

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.04981392%	0.05178112%	0.05205803%	0.05260419%
District's proportionate share net pension liability	\$ 12,053,196	\$ 11,451,084	\$ 11,446,392	\$ 12,496,238
District's covered payroll	\$ 6,015,707	\$ 6,181,643	\$ 5,862,957	\$ 5,815,314
District's proportionate share of net pension liability as a percentage of its covered payroll	200.36%	185.24%	195.23%	214.88%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

\* The amounts present each fiscal year were determined as of 6/30 of the previous fiscal year.

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05340814%	0.05046910%	0.05102495%	0.05102495%
\$ 17,877,314	\$ 13,948,183	\$ 12,411,034	\$ 14,783,942
\$ 5,769,486	\$ 5,372,929	\$ 5,213,346	\$ 5,579,485
309.86%	259.60%	238.06%	264.97%
66.80%	72.10%	74.70%	69.30%

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 252,335	\$ 254,109	\$ 256,843	\$ 242,466
Contributions in relation to the contractually required contribution	<u>(252,335)</u>	<u>(254,109)</u>	<u>(256,843)</u>	<u>(242,466)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,802,393	\$ 1,815,064	\$ 1,902,541	\$ 1,796,044
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 244,326	\$ 198,267	\$ 195,897	\$ 173,141	\$ 172,061	\$ 193,591
<u>(244,326)</u>	<u>(198,267)</u>	<u>(195,897)</u>	<u>(173,141)</u>	<u>(172,061)</u>	<u>(193,591)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,745,186	\$ 1,416,193	\$ 1,486,320	\$ 1,249,214	\$ 1,243,215	\$ 1,439,338
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 852,672	\$ 842,199	\$ 865,430	\$ 820,814
Contributions in relation to the contractually required contribution	<u>(852,672)</u>	<u>(842,199)</u>	<u>(865,430)</u>	<u>(820,814)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,090,514	\$ 6,015,707	\$ 6,181,643	\$ 5,862,957
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 814,144	\$ 807,728	\$ 752,210	\$ 677,735	\$ 725,333	\$ 817,835
<u>(814,144)</u>	<u>(807,728)</u>	<u>(752,210)</u>	<u>(677,735)</u>	<u>(725,333)</u>	<u>(817,835)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,815,314	\$ 5,769,486	\$ 5,372,929	\$ 5,213,346	\$ 5,579,485	\$ 6,291,038
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.05624590%	0.05436920%	0.05223970%	0.05302700%	0.05379747%
District's proportionate share net OPEB liability	\$ 1,222,407	\$ 1,367,271	\$ 1,449,270	\$ 1,423,105	\$ 1,533,427
District's covered payroll	\$ 1,815,064	\$ 1,902,541	\$ 1,796,044	\$ 1,745,186	\$ 1,416,193
District's proportionate share of net OPEB liability as a percentage of its covered payroll	67.35%	71.87%	80.69%	81.54%	108.28%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.04981392%	0.05178112%	0.05205803%	0.05260419%	0.05340814%
District's proportionate share net OPEB liability/(asset)	\$ (875,479)	\$ (857,619)	\$ (836,519)	\$ 2,052,421	\$ 2,856,281
District's covered payroll	\$ 6,015,707	\$ 6,181,643	\$ 5,862,957	\$ 5,815,314	\$ 5,769,486
District's proportionate share of net OPEB liability/asset as a percentage of its covered payroll	14.55%	13.87%	14.27%	35.29%	49.51%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	174.70%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 36,538	\$ 37,228	\$ 43,029	\$ 38,049
Contributions in relation to the contractually required contribution	<u>(36,538)</u>	<u>(37,228)</u>	<u>(43,029)</u>	<u>(38,049)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,802,393	\$ 1,815,064	\$ 1,902,541	\$ 1,796,044
Contributions as a percentage of covered payroll	2.03%	2.05%	2.26%	2.12%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 29,106	\$ 27,222	\$ 34,846	\$ 24,380	\$ 23,855	\$ 31,768
<u>(29,106)</u>	<u>(27,222)</u>	<u>(34,846)</u>	<u>(24,380)</u>	<u>(23,855)</u>	<u>(31,768)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,745,186	\$ 1,416,193	\$ 1,486,320	\$ 1,249,214	\$ 1,243,215	\$ 1,439,338
1.67%	1.92%	2.34%	1.95%	1.92%	2.21%

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,090,514	\$ 6,015,707	\$ 6,181,643	\$ 5,862,957
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 52,133	\$ 55,795	\$ 62,910
-	-	-	(52,133)	(55,795)	(62,910)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,815,314	\$ 5,769,486	\$ 5,372,929	\$ 5,213,346	\$ 5,579,485	\$ 6,291,038
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

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**PENSION**

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

(Continued)

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	\$15,921 236,679 <u>11,558</u>	\$14,378 278,271 <u>4,127</u>
Total Special Education - Grants to States		<u>264,158</u>	<u>296,776</u>
Special Education - Preschool Grants	84.173	5,084 <u>5,798</u>	5,084 <u>5,798</u>
Total Special Education Preschool Grants		<u>10,882</u>	<u>10,882</u>
Total Special Education Cluster		<u>275,040</u>	<u>307,658</u>
Title I Grants to Local Educational Agencies	84.010	188,425 35,567 <u>2,837</u>	215,808 29,946 <u>3,421</u>
Total Title I Grants to Local Educational Agencies		<u>226,829</u>	<u>249,175</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	21,058 <u>5,081</u>	22,989 <u>4,931</u>
Total Supporting Effective Instruction State Grants		<u>26,139</u>	<u>27,920</u>
Student Support and Academic Enrichment Program	84.424	9,042 24,491 <u>33,533</u>	9,992 24,491 <u>34,483</u>
Total Student Support and Academic Enrichment Program		<u>33,533</u>	<u>34,483</u>
COVID-19 Education Stabilization Fund	84.425	196,282	200,728
Total U.S. Department of Education		<u>757,823</u>	<u>819,964</u>
<b><u>U.S. DEPARTMENT OF TREASURY</u></b>			
<i>Passed through the Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	138,022 <u>75,511</u>	146,406 <u>75,511</u>
		<u>213,533</u>	<u>221,917</u>
<i>Passed through Medina County</i>			
COVID-19 Coronavirus Relief Fund	21.019	4,247	4,247
<i>Passed through Homer Township</i>			
COVID-19 Coronavirus Relief Fund	21.019	21,736	21,736
<i>Passed through Spencer Township</i>			
COVID-19 Coronavirus Relief Fund	21.019	34,841	34,841
<i>Passed through Spencer Village</i>			
COVID-19 Coronavirus Relief Fund	21.019	57,935	57,935
Total COVID-19 Coronavirus Relief Fund		<u>332,292</u>	<u>340,676</u>
Total U.S. Department of Treasury		<u>332,292</u>	<u>340,676</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	179,104 8,757 <u>35,190</u>	179,104 8,757 <u>35,190</u>
COVID-19 National School Lunch Program		<u>223,051</u>	<u>223,051</u>
Non-Cash Assistance			
Total National School Lunch Program		<u>223,051</u>	<u>223,051</u>
School Breakfast Program	10.553	139,905 <u>4,474</u>	139,905 <u>4,474</u>
COVID-19 School Breakfast Program		<u>144,379</u>	<u>144,379</u>
Total School Breakfast Program		<u>144,379</u>	<u>144,379</u>
Total Child Nutrition Cluster		<u>367,430</u>	<u>367,430</u>
Total U.S. Department of Agriculture		<u>367,430</u>	<u>367,430</u>
<b>Totals</b>		<u><b>\$1,457,545</b></u>	<u><b>\$1,528,070</b></u>

The accompanying notes are an integral part of this schedule.

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Black River Local School District, Medina County, Ohio (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

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

Black River Local School District  
Medina County  
257-A County Road 40  
Sullivan, Ohio 44880

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Black River Local School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 6, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 6, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

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

Black River Local School District  
Medina County  
257-A County Road 40  
Sullivan, Ohio 44880

To the Board of Education:

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

We have audited Black River Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Black River Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Black River Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

July 6, 2022

**BLACK RIVER LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Program's Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<ul style="list-style-type: none"> <li>• Special Education Cluster, AL 84.027 and 84.173</li> <li>• Child Nutrition Cluster, AL 10.553 and 10.553</li> </ul>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

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

None

# OHIO AUDITOR OF STATE KEITH FABER



**BLACK RIVER LOCAL SCHOOL DISTRICT**

**MEDINA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/26/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)