OHIO AUDITOR OF STATE
**KEITH FABER**

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY**
**JUNE 30, 2021**

## TABLE OF CONTENTS

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY**
**JUNE 30, 2021**

## TABLE OF CONTENTS
**(Continued)**

**TITLE** **PAGE**

OHIO AUDITOR OF STATE
KEITH FABER

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

# INDEPENDENT AUDITOR'S REPORT

Bloom Carroll Local School District
Fairfield County
5240 Plum Road
Carroll, Ohio 43112

To the Board of Education:

## *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom Carroll Local School District, Fairfield 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom Carroll Local School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows 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 disclosed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will 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 Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 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

February 23, 2022

THIS PAGE INTENTIONALLY LEFT BLANK

The management's discussion and analysis of the Bloom-Carroll Local School District's (the District) financial performance provides an overview and analysis 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 our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2021 by $922,451. Of this amount, $14,747,616 represents the total amount of net position invested in capital assets and restricted for specific purposes, and the deficit balance of $13,825,165 represents the District's unrestricted net position.

- In total, net position of governmental activities increased by $1,223,551 which represents a (406.36%) percent increase from 2020.

- General revenues accounted for $26,686,170 or 88.56 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for $3,447,403 or 11.44 percent of total revenues of $30,133,573.

- The District had $28,910,022 in expenses related to governmental activities; only $3,447,403 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of $26,686,170 were sufficient to provide for the remainder of these programs.

- The District recognizes three major governmental funds: the General, Bond Retirement and Building Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had $23,138,899 in revenues and $21,628,466 in expenditures in fiscal year 2021.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and 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.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

**Reporting the District as a Whole**

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. 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. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into accounts all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

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

**Fund Financial Statements**

The analysis of the District's major funds begins on page 11. Fund financial statements 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 major governmental funds are the General, Bond Retirement and Building Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary funds.

### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

### *Proprietary Funds*

The District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the District reports it as a proprietary fund using the full accrual basis of accounting.

### *Fiduciary Funds*

The District's fiduciary fund is the custodial fund. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Fiduciary funds use the accrual basis of accounting.

### *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.

## Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole, showing assets and deferred outflows, liabilities and deferred inflows, and the difference between them (net position). Table 1 provides a summary of the District's net position as of 2021 compared to fiscal year 2020:

Table 1

**Net Position at Year End**

| | Governmental Activities | | |
|---|---|---|---|
| | 2021 | 2020 | Change |
| ***Assets:*** | | | |
| Current and Other Assets | $ 27,779,435 | $ 46,552,311 | $ (18,772,876) |
| Net OPEB Asset | 1,231,154 | 1,138,712 | 92,442 |
| Capital Assets, Net | 56,983,409 | 38,424,738 | 18,558,671 |
| *Total Assets* | 85,993,998 | 86,115,761 | (121,763) |
| ***Deferred Outflows of Resources:*** | | | |
| Deferred Charges on Refunding | 541,032 | 572,858 | (31,826) |
| Pension | 4,236,555 | 4,140,151 | 96,404 |
| OPEB | 690,415 | 536,425 | 153,990 |
| *Total Deferred Outflows of Resources* | 5,468,002 | 5,249,434 | 218,568 |
| ***Liabilities:*** | | | |
| Current and Other Liabilities | 3,574,875 | 4,728,592 | (1,153,717) |
| *Long-Term Liabilities:* | | | |
| Due Within One Year | 1,883,185 | 2,554,028 | (670,843) |
| Due in More than One Year: | | | |
| Net Pension Liability | 22,350,739 | 20,117,294 | 2,233,445 |
| Net OPEB Liability | 1,810,382 | 2,102,430 | (292,048) |
| Other Amounts | 46,427,571 | 48,043,105 | (1,615,534) |
| *Total Liabilities* | 76,046,752 | 77,545,449 | (1,498,697) |
| ***Deferred Inflows of Resources:*** | | | |
| Property Taxes | 11,990,676 | 11,237,278 | 753,398 |
| Pension | 113,559 | 925,946 | (812,387) |
| OPEB | 2,388,562 | 1,957,622 | 430,940 |
| *Total Deferred Inflows of Resources* | 14,492,797 | 14,120,846 | 371,951 |
| ***Net Position:*** | | | |
| Net Investment in Capital Assets | 10,630,623 | 10,351,066 | 279,557 |
| Restricted | 4,116,993 | 4,300,309 | (183,316) |
| Unrestricted | (13,825,165) | (14,952,475) | 1,127,310 |
| *Total Net Position* | $922,451 | ($301,100) | $1,223,551 |

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.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems 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 to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension 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, respectively, not accounted for as deferred inflows/outflows.

Current and other assets decreased $18,772,876 in fiscal year 2021 due primarily to a decrease in cash and cash equivalents, which is the result of payments for the ongoing construction project. Capital assets increased by $18,558,671 as a result of additions of construction in progress exceeding depreciation expense.

Current and other liabilities decreased by $1,153,717 due to a decrease in contracts payable.

Long-term liabilities decreased by $344,980 or 0.47 percent due to the District making scheduled debt payments.

The District's largest portion of net position is related to amounts included as net investment in capital assets. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net position is unrestricted, and carries a deficit balance of $13,825,165.

The remaining balance of $4,116,993 is restricted. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2021 and provides a comparison to fiscal year 2020.

Table 2
**Changes in Net Position**

| | Governmental Activities | | |
|---|---|---|---|
| | 2021 | 2020 | Change |
| ***Revenues:*** | | | |
| *Program Revenues:* | | | |
| Charges for Services and Sales | $1,496,865 | $1,724,226 | ($227,361) |
| Operating Grants and Contributions | 1,950,538 | 979,256 | 971,282 |
| *General Revenues:* | | | |
| Property Taxes | 12,225,182 | 11,963,121 | 262,061 |
| Income Taxes | 6,544,107 | 5,052,193 | 1,491,914 |
| Unrestricted Grants and Entitlements | 7,470,604 | 6,666,988 | 803,616 |
| Investment Earnings | 61,208 | 1,487,701 | (1,426,493) |
| Miscellaneous | 385,069 | 189,951 | 195,118 |
| *Total Revenues* | 30,133,573 | 28,063,436 | 2,070,137 |

(Continued)

Table 2
**Changes in Net Position (Continued)**

| | Governmental Activities | | |
|---|---|---|---|
| ***Expenses:*** | | | |
| *Instruction:* | | | |
| Regular | $9,441,650 | $9,302,558 | $139,092 |
| Special | 3,414,202 | 3,593,521 | (179,319) |
| Vocational | 248,196 | 239,642 | 8,554 |
| Student Intervention Services | 219,542 | 220,636 | (1,094) |
| Other | 698,064 | 562,015 | 136,049 |
| *Support Services:* | | | |
| Pupils | 1,534,396 | 1,496,166 | 38,230 |
| Instructional Staff | 1,748,113 | 1,039,209 | 708,904 |
| Board of Education | 105,091 | 113,501 | (8,410) |
| Administration | 2,492,343 | 2,388,651 | 103,692 |
| Fiscal | 428,484 | 429,073 | (589) |
| Operation and Maintenance of Plant | 2,239,084 | 2,330,010 | (90,926) |
| Pupil Transportation | 1,731,237 | 1,294,483 | 436,754 |
| Central | 360,383 | 424,458 | (64,075) |
| *Operation of Non-Instructional Services:* | | | |
| Food Services | 857,584 | 767,229 | 90,355 |
| Community Services | 3,854 | 3,721 | 133 |
| Extracurricular Activities | 946,752 | 725,594 | 221,158 |
| Interest and Fiscal Charges | 2,399,547 | 2,450,195 | (50,648) |
| Issuance Costs | 41,500 | 0 | 41,500 |
| *Total Expenses* | 28,910,022 | 27,380,662 | 1,529,360 |
| *Change in Net Position* | 1,223,551 | 682,774 | 540,777 |
| Net Position at Beginning of Year, Restate | (301,100) | (983,874) | 682,774 |
| Net Position at End of Year | $922,451 | ($301,100) | $1,223,551 |

The most significant program expenses for the District are Regular Instruction, Special Instruction, Administration, Interest and Fiscal Charges, Operation and Maintenance of Plant, and Instructional Staff. These programs account for 74.44 percent of the total governmental activities. Regular Instruction, which accounts for 32.66 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.81 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Administration, which represents 8.62 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Interest and Fiscal Charges, which accounts for 8.30 percent of the total, represents costs associated with the District's commitment for interest. Operation and Maintenance of Plant, which represents 7.75 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Instructional Staff, which represents 6.05 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

The majority of the funding for the most significant programs indicated above is from property taxes, grants and entitlements not restricted for specific programs and income taxes. Property taxes, grants and entitlements not restricted for specific programs and income taxes account for 87.08 percent of total revenues.

As noted previously, the net position for the governmental activities increased by $1,223,551 or 406.36 percent. This is a change from last year when net position increased $682,774 or 69.40 percent. Total revenues increased $2,070,137 or 7.38 percent from last year and expenses increased $1,529,360 or 5.59 percent from last year.

The District had program revenue increases of $743,921, as well as increases in general revenues of $1,326,216. The increase in program revenue is primarily due to increase in operating grants and contributions. The increase in general revenue is primarily due to increases in income taxes and unrestricted grants and entitlements.

The total expenses for governmental activities increased primarily as a result of increases in instructional staff and pupil transportation. These increases are the results of changes in expense classification for employees and increases in transportations costs.

**Governmental Activities**

Like most Ohio schools, the District is heavily dependent on property taxes, income taxes and intergovernmental revenue. This has resulted in a lack of revenue growth. Property taxes made up 40.57 percent, income taxes made up 21.72 percent, and unrestricted grants and entitlements revenue made up 24.79 percent of the total revenue for our governmental activities in fiscal year 2021.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at $100,000 and taxed at 1.0 mill, $35.00 annually. If three years later the home was reappraised and the value increased to $200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive $35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

In May, 2018, District voters approved a 4.3 mill bond issue and a 1.2 mill permanent improvement levy. The bond issue raised $30 million for construction of a new elementary school and the permanent improvement levy is raising $475,000 a year.

The District voters approved an income tax levy of 0.75 percent in fiscal year 1997 and it is a continuing tax. The voters of the District approved an additional income tax levy of 0.50 percent in fiscal year 2006. These levies generated $6,544,107 in revenue for general operations for fiscal year 2021.

The District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2021, the District received $4,977,823 through the State's foundation program, which represents 16.52 percent of the total revenue for the governmental activities. The District relies on this state funding to operate at the current levels of service.

Instruction accounts for 48.50 percent of governmental activities program expenses. Support services expenses make up 36.18 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2021 compared with fiscal year 2020. That is, it identifies the net cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
**Net Cost of Governmental Activities**

| | Total Cost of Services 2021 | Net Cost of Services 2021 | Total Cost of Services 2020 | Net Cost of Services 2020 |
|---|---|---|---|---|
| *Program Expenses:* | | | | |
| Instruction | $14,021,654 | $12,680,654 | $13,918,372 | $12,650,474 |
| Support Services | 10,639,131 | 9,775,751 | 9,515,551 | 9,102,259 |
| Operation of Non-Instructional Services | 861,438 | (1,545) | 770,950 | 140,573 |
| Extracurricular Activities | 946,752 | 566,712 | 725,594 | 333,679 |
| Interest and Fiscal Charges | 2,399,547 | 2,399,547 | 2,450,195 | 2,450,195 |
| Issuance Costs | 41,500 | 41,500 | 0 | 0 |
| Total Expenses | $28,910,022 | $25,462,619 | $27,380,662 | $24,677,180 |

## The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $32,818,677, and expenditures and other financing uses of $53,299,935.

Total governmental funds fund balance decreased by $18,201,592. The decrease in fund balance for the year was most significant in the Building Fund, a decrease of $18,913,075, and was due to the construction of the new school improvement.

## Budget Highlights - General Fund

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

During the course of fiscal year 2021, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

The District prepares and monitors a detailed cash flow plan for the General Fund. Actual cash flow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was $22,334,144 representing a $1,381,362 increase from the original budget estimates. The actual budget basis revenues were $22,349,585 representing a $15,441 variance over the final budgeted amount. For the General Fund, the final budget basis expenditures, including other financing uses, were $22,105,755 representing an increase of $7,223 from the original budget estimates. The actual budget basis expenditures were $21,598,774 representing a $316,981 variance under the final budgeted amount.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal year 2021, the District had $68.8 million invested in land, construction in progress, land improvements/infrastructure, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of $11.8 million. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020.

Table 4
**Capital Assets & Accumulated Depreciation at Year End**

| | Governmental Activities | |
|---|---|---|
| | 2021 | 2020 |
| *Nondepreciable Capital Assets:* | | |
| Land | $806,734 | $806,734 |
| Construction in Progress | 29,503,336 | 10,370,137 |
| *Depreciable Capital Assets:* | | |
| Land Improvements | 6,283,271 | 6,234,367 |
| Buildings and Improvements | 21,031,436 | 20,824,783 |
| Furniture, Fixtures and Equipment | 8,945,882 | 8,683,081 |
| Vehicles | 2,257,615 | 2,160,615 |
| *Total Capital Assets* | 68,828,274 | 49,079,717 |
| *Less Accumulated Depreciation:* | | |
| Land Improvements | 1,568,448 | 1,396,030 |
| Buildings and Improvements | 5,032,663 | 4,582,606 |
| Furniture, Fixtures and Equipment | 4,235,737 | 3,797,681 |
| Vehicles | 1,008,017 | 878,662 |
| *Total Accumulated Depreciation* | 11,844,865 | 10,654,979 |
| Capital Assets, Net | $56,983,409 | $38,424,738 |

More detailed information pertaining to the District's capital asset activity can be found in Note 11 to the notes to the basic financial statements.

### Debt Administration

At June 30, 2021, the District had $44.1 million in general obligation debt outstanding with $1,605,000 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2021 compared to fiscal year 2020.

Table 5
**Outstanding Debt, Governmental Activities at Year End**

| Purpose | 2021 | 2020 |
|---|---|---|
| 2010 School Improvements Bonds | $5,655,000 | $6,690,000 |
| 2012 Energy Conservation Bonds | 275,000 | 310,000 |
| 2013 General Obligation Refunding Bonds | 2,600,872 | 2,601,568 |
| 2017 General Obligation Refunding Bonds | 8,000,000 | 8,000,000 |
| 2019 School Improvement Bond | 20,945,000 | 21,225,000 |
| 2019 School Improvement Bond | 6,645,000 | 7,500,000 |
| Total | $44,120,872 | $46,326,568 |

Detailed information pertaining to the District's long-term debt activity can be found in Note 15 to the basic financial statements.

**Current Issues**

Bloom-Carroll Local School District is considered a wealthy district according to the State of Ohio's property valuation per pupil formula. The new funding formula contained within the State biennial budget provided an increase of 6.51 % in Fiscal Year 2022 and 1.86% increase in Fiscal Year 2023 of State funds for Bloom-Carroll. This helps the Districts financial outlook, however, as indicated in the preceding financial information; the District is heavily dependent on local taxes due to the property valuation per pupil wealth index. Nearly one-quarter of the District's funding is received through the State's foundation program, which along with taxes and other various grants and entitlements makes up approximately 90 percent of the District's revenue. The District relies on state and federal funding to operate at the current level of services. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation.

Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Residential growth has not eluded the District although it has slowed over the past two years. Increasing numbers of housing developments are being approved by the townships. The new developments are attracting young families to the area as evidenced by the residential permits issued in the townships. The District's enrollment has increased by an average of 2.85% per year since the 2012-13 school year. Residential/agricultural property contributes 84%, per calendar year Note 7 of the District's real estate valuation.

In May, 2018, voters of the Bloom-Carroll Local School District approved a 4.3 mill bond issue and a 1.2 mill permanent improvement levy. The bond issue proceeds will be used to construct a new Elementary school to house grades K-5. The permanent improvement levy will help maintain all buildings within the District and shift some capital expenditure burden away from the District's general operating fund. The District is participating in the Expedited Local Partnership Program (ELPP) through the Ohio Schools Facilities Commission. The District is scheduled to receive an 18% match on the qualifying expenditures from the Elementary School Construction.

**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 received. If you have any questions about this report or need additional information, contact Travis Bigam, Treasurer of Bloom-Carroll Local School Board of Education, 5240 Plum Road, Carroll, Ohio 43112.

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Statement of Net Position*

*June 30, 2021*

| | Governmental Activities |
|---|---|
| ***Assets:*** | |
| Equity in Pooled Cash and Cash Equivalents | $10,238,821 |
| Cash and Cash Equivalents with Fiscal Agent | 2,194,315 |
| Property Taxes Receivable | 12,773,836 |
| Accounts Receivable | 7,718 |
| Intergovernmental Receivable | 226,432 |
| Accrued Interest Receivable | 12,661 |
| Prepaid Items | 14,630 |
| Income Taxes Receivable | 2,311,022 |
| Net OPEB Asset | 1,231,154 |
| Nondepreciable Capital Assets | 30,310,070 |
| Depreciable Capital Assets, Net | 26,673,339 |
| *Total Assets* | 85,993,998 |
| ***Deferred Outflows of Resources:*** | |
| Deferred Charge on Refunding | 541,032 |
| Pension | 4,236,555 |
| OPEB | 690,415 |
| *Total Deferred Outflows of Resources* | 5,468,002 |
| ***Liabilities:*** | |
| Accounts Payable | 289,931 |
| Accrued Wages and Benefits | 2,262,974 |
| Contracts Payable | 2,909 |
| Intergovernmental Payable | 497,513 |
| Accrued Interest Payable | 295,350 |
| Matured Compensated Absences Payable | 7,309 |
| Claims Payable | 218,889 |
| *Long-Term Liabilities:* | |
| Due within One Year | 1,883,185 |
| *Due in More Than One Year:* | |
| Net Pension Liability | 22,350,739 |
| Net OPEB Liability | 1,810,382 |
| Other Amounts Due in More Than One Year | 46,427,571 |
| *Total Liabilities* | 76,046,752 |
| ***Deferred Inflows of Resources:*** | |
| Property Taxes | 11,990,676 |
| Pension | 113,559 |
| OPEB | 2,388,562 |
| *Total Deferred Inflows of Resources* | 14,492,797 |
| ***Net Position:*** | |
| Net Investment in Capital Assets | 10,630,623 |
| *Restricted for:* | |
| Debt Service | 2,363,449 |
| Capital Outlay | 1,594,491 |
| Expendable | 25,851 |
| Nonexpendable | 10,000 |
| Other Purposes | 123,202 |
| Unrestricted | (13,825,165) |
| *Total Net Position* | $922,451 |

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**
*Statement of Activities*
*For the Fiscal Year Ended June 30, 2021*

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| ***Governmental Activities:*** | | | | |
| *Instruction:* | | | | |
| Regular | $9,441,650 | $984,987 | $35,629 | ($8,421,034) |
| Special | 3,414,202 | 0 | 320,384 | (3,093,818) |
| Vocational | 248,196 | 0 | 0 | (248,196) |
| Student Intervention Services | 219,542 | 0 | 0 | (219,542) |
| Other | 698,064 | 0 | 0 | (698,064) |
| *Support Services:* | | | | |
| Pupils | 1,534,396 | 0 | 326,087 | (1,208,309) |
| Instructional Staff | 1,748,113 | 0 | 315,981 | (1,432,132) |
| Board of Education | 105,091 | 0 | 0 | (105,091) |
| Administration | 2,492,343 | 0 | 0 | (2,492,343) |
| Fiscal | 428,484 | 61,457 | 0 | (367,027) |
| Operation and Maintenance of Plant | 2,239,084 | 0 | 129,991 | (2,109,093) |
| Pupil Transportation | 1,731,237 | 0 | 29,864 | (1,701,373) |
| Central | 360,383 | 0 | 0 | (360,383) |
| *Operation of Non-Instructional Services:* | | | | |
| Food Services | 857,584 | 83,250 | 777,995 | 3,661 |
| Community Services | 3,854 | 0 | 1,738 | (2,116) |
| Extracurricular Activities | 946,752 | 367,171 | 12,869 | (566,712) |
| *Debt Service:* | | | | |
| Interest and Fiscal Charges | 2,399,547 | 0 | 0 | (2,399,547) |
| Issuance Costs | 41,500 | 0 | 0 | (41,500) |
| *Total Governmental Activities* | $28,910,022 | $1,496,865 | $1,950,538 | (25,462,619) |

| | |
|---|---|
| ***General Revenues:*** | |
| *Property Taxes Levied for:* | |
| General Purposes | 8,732,063 |
| Debt Service | 3,025,794 |
| Capital Outlay | 467,325 |
| *Income Taxes Levied for:* | |
| General Purposes | 6,544,107 |
| Grants and Entitlements not Restricted to Specific Programs | 7,470,604 |
| Investment Earnings | 61,208 |
| Miscellaneous | 385,069 |
| *Total General Revenues* | 26,686,170 |
| Change in Net Position | 1,223,551 |
| *Net Position at Beginning of Year* | (301,100) |
| *Net Position at End of Year* | $922,451 |

See accompanying notes to the basic financial statements.

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Balance Sheet*

*Governmental Funds*

*June 30, 2021*

| | General | Bond Retirement | Building | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| ***Assets:*** | | | | | |
| Equity in Pooled Cash and Cash Equivalents | $5,058,154 | $2,612,987 | $1,963,970 | $557,506 | $10,192,617 |
| Property Taxes Receivable | 9,059,811 | 3,251,921 | 0 | 462,104 | 12,773,836 |
| Income Taxes Receivable | 2,311,022 | 0 | 0 | 0 | 2,311,022 |
| Accounts Receivable | 160 | 0 | 0 | 7,558 | 7,718 |
| Intergovernmental Receivable | 70,223 | 0 | 0 | 116,568 | 186,791 |
| Accrued Interest Receivable | 12,661 | 0 | 0 | 0 | 12,661 |
| Interfund Receivable | 29,864 | 0 | 0 | 0 | 29,864 |
| Prepaid Items | 14,630 | 0 | 0 | 0 | 14,630 |
| *Total Assets* | $16,556,525 | $5,864,908 | $1,963,970 | $1,143,736 | $25,529,139 |
| ***Liabilities:*** | | | | | |
| Accounts Payable | $73,945 | $0 | $0 | $215,986 | $289,931 |
| Accrued Wages and Benefits | 2,121,646 | 0 | 0 | 141,328 | 2,262,974 |
| Interfund Payable | 0 | 0 | 0 | 29,864 | 29,864 |
| Intergovernmental Payable | 474,501 | 0 | 0 | 23,012 | 497,513 |
| Contracts Payable | 0 | 0 | 2,909 | 0 | 2,909 |
| Matured Compensated Absences Payable | 5,661 | 0 | 0 | 1,648 | 7,309 |
| *Total Liabilities* | 2,675,753 | 0 | 2,909 | 411,838 | 3,090,500 |
| ***Deferred Inflows of Resources:*** | | | | | |
| Property Taxes | 8,446,954 | 3,140,000 | 0 | 403,722 | 11,990,676 |
| Unavailable Revenue | 311,811 | 111,921 | 0 | 15,904 | 439,636 |
| *Total Deferred Inflows of Resources* | 8,758,765 | 3,251,921 | 0 | 419,626 | 12,430,312 |
| ***Fund Balances:*** | | | | | |
| Nonspendable | 14,630 | 0 | 0 | 10,000 | 24,630 |
| Restricted | 0 | 2,612,987 | 1,961,061 | 376,022 | 4,950,070 |
| Assigned | 198,392 | 0 | 0 | 3,869 | 202,261 |
| Unassigned (Deficit) | 4,908,985 | 0 | 0 | (77,619) | 4,831,366 |
| *Total Fund Balances* | 5,122,007 | 2,612,987 | 1,961,061 | 312,272 | 10,008,327 |
| *Total Liabilities, Deferred Inflows of Resources and Fund Balances* | $16,556,525 | $5,864,908 | $1,963,970 | $1,143,736 | $25,529,139 |

See accompanying notes to the basic financial statements.

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Reconciliation of Total Governmental Fund Balances to*
*Net Position of Governmental Activities*
*June 30, 2021*

| | | |
|---|---|---|
| **Total Governmental Funds Balances** | | $10,008,327 |
| ***Amounts reported for governmental activities in the Statement of Net Position are different because:*** | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 56,983,409 |
| Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of: | | |
| Property taxes | | 439,636 |
| Unamortized deferred charges from the issuance of refunding bonds represent deferred charges which do not provide current financial resources and are therefore not reported in the funds. | | 541,032 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of: | | |
| General obligation bonds | (44,050,000) | |
| Capital Appreciation bonds | (4,763) | |
| Accretion on capital appreciation bonds | (66,109) | |
| Premium on bonds | (3,338,628) | |
| Accrued interest | (295,350) | |
| Compensated absences | (851,256) | |
| Total liabilities that are not reported in the funds | | (48,606,106) |
| The net pension and OPEB liability (asset) is not due and payable in the current period; therefore the liability (asset) and related deferred inflows/outflows are not reported in the governmental funds: | | |
| Deferred Outflows - Pension | 4,236,555 | |
| Deferred Outflows - OPEB | 690,415 | |
| Deferred Inflows - Pension | (113,559) | |
| Deferred Inflows - OPEB | (2,388,562) | |
| Net OPEB Asset | 1,231,154 | |
| Net Pension Liability | (22,350,739) | |
| Net OPEB Liability | (1,810,382) | |
| Total | | (20,505,118) |
| An internal service fund is used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position. | | 2,061,271 |
| *Net Position of Governmental Activities* | | $922,451 |

See accompanying notes to the basic financial statements.

**_BLOOM-CARROLL LOCAL SCHOOL DISTRICT_**

*Statement of Revenues, Expenditures and Changes in Fund Balances*

*Governmental Funds*

*For the Fiscal Year Ended June 30, 2021*

| | General | Bond Retirement | Building | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Property Taxes | $8,662,586 | $3,003,626 | $0 | $463,740 | $12,129,952 |
| Income Taxes | 6,544,107 | 0 | 0 | 0 | 6,544,107 |
| Intergovernmental | 6,435,380 | 1,029,128 | 0 | 1,942,027 | 9,406,535 |
| Interest | 41,089 | 0 | 0 | 33 | 41,122 |
| Increase (Decrease) in Fair Value of Investments | 0 | 0 | (135,018) | 0 | (135,018) |
| Tuition and Fees | 984,987 | 0 | 0 | 0 | 984,987 |
| Rent | 1,560 | 0 | 0 | 0 | 1,560 |
| Extracurricular Activities | 38,431 | 0 | 0 | 328,740 | 367,171 |
| Gifts and Donations | 6,159 | 0 | 0 | 8,448 | 14,607 |
| Customer Sales and Services | 61,457 | 0 | 0 | 83,250 | 144,707 |
| Miscellaneous | 363,143 | 203 | 0 | 20,163 | 383,509 |
| *Total Revenues* | 23,138,899 | 4,032,957 | (135,018) | 2,846,401 | 29,883,239 |
| **Expenditures:** | | | | | |
| *Current:* | | | | | |
| *Instruction:* | | | | | |
| Regular | 8,479,038 | 0 | 0 | 36,348 | 8,515,386 |
| Special | 2,917,773 | 0 | 0 | 320,670 | 3,238,443 |
| Vocational | 227,819 | 0 | 0 | 0 | 227,819 |
| Student Intervention Services | 203,481 | 0 | 0 | 0 | 203,481 |
| Other | 698,064 | 0 | 0 | 0 | 698,064 |
| *Support Services:* | | | | | |
| Pupils | 1,152,302 | 0 | 0 | 296,754 | 1,449,056 |
| Instructional Staff | 915,857 | 0 | 0 | 758,137 | 1,673,994 |
| Board of Education | 101,735 | 0 | 0 | 0 | 101,735 |
| Administration | 2,279,097 | 52,205 | 0 | 6,968 | 2,338,270 |
| Fiscal | 395,288 | 0 | 0 | 0 | 395,288 |
| Operation and Maintenance of Plant | 1,769,260 | 0 | 0 | 387,131 | 2,156,391 |
| Pupil Transportation | 1,524,473 | 0 | 0 | 93,493 | 1,617,966 |
| Central | 349,470 | 0 | 0 | 0 | 349,470 |
| *Operation of Non-Instructional Services:* | | | | | |
| Food Service Operations | 0 | 0 | 0 | 817,840 | 817,840 |
| Community Services | 0 | 0 | 0 | 3,854 | 3,854 |
| Extracurricular Activities | 551,180 | 0 | 0 | 306,674 | 857,854 |
| Capital Outlay | 0 | 0 | 18,778,057 | 0 | 18,778,057 |
| *Debt Service:* | | | | | |
| Principal Retirement | 63,628 | 2,230,000 | 0 | 0 | 2,293,628 |
| Interest and Fiscal Charges | 1 | 2,460,897 | 0 | 0 | 2,460,898 |
| Bond Issuance Costs | 0 | 41,500 | 0 | 0 | 41,500 |
| Current Refunding | 0 | 2,550,941 | 0 | 0 | 2,550,941 |
| *Total Expenditures* | 21,628,466 | 7,335,543 | 18,778,057 | 3,027,869 | 50,769,935 |
| *Excess of Revenues Over (Under) Expenditures* | 1,510,433 | (3,302,586) | (18,913,075) | (181,468) | (20,886,696) |
| **Other Financing Sources (Uses):** | | | | | |
| Accrued Interest Received on Refunding Bonds Issued | 0 | 155,104 | 0 | 0 | 155,104 |
| Refunding Bonds Issued | 0 | 2,530,000 | 0 | 0 | 2,530,000 |
| Transfers In | 0 | 45,823 | 0 | 35,000 | 80,823 |
| Transfers Out | (80,823) | 0 | 0 | 0 | (80,823) |
| *Total Other Financing Sources (Uses)* | (80,823) | 2,730,927 | 0 | 35,000 | 2,685,104 |
| *Net Change in Fund Balances* | 1,429,610 | (571,659) | (18,913,075) | (146,468) | (18,201,592) |
| *Fund Balances at Beginning of Year* | 3,692,397 | 3,184,646 | 20,874,136 | 458,740 | 28,209,919 |
| *Fund Balances at End of Year* | $5,122,007 | $2,612,987 | $1,961,061 | $312,272 | $10,008,327 |

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**
*Reconciliation of the Statement of Revenues, Expenditures and Changes*
*in Fund Balances of Governmental Funds to the Statement of Activities*
*For the Fiscal Year Ended June 30, 2021*

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | | ($18,201,592) |
| ***Amounts reported for governmental activities in the Statement of Activities are different because:*** | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | 18,558,671 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of: | | |
| Property taxes | | 95,230 |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position | | 4,760,000 |
| Payment of capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position | | 63,628 |
| In the statement of activities, interest is accrued on outstanding bonds, bond accretion, bond premium, and loss on refunding amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when due and premiums and loss on refunding are reported when the bonds are issued: | | |
| Accrued interest | 13,623 | |
| Amortization of premium on bonds | 124,799 | |
| Accretion on capital appreciation bonds | (24,304) | |
| Amortization of refunding bonds deferred charges | (31,826) | |
| Total | | 82,292 |
| Other financing sources in the governmental funds that increase long-term obligations in the statement of net position are not reported as revenues in the Statement of Activities. | | |
| Proceeds from the issuance of general obligation bonds | | (2,530,000) |
| Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: | | |
| Compensated absences | | (107,746) |
| Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred inflows of resources. | | 1,748,588 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the Statement of Activities. | | (2,965,702) |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The operating loss of the internal service fund is reported as governmental activities. | | (279,818) |
| *Change in Net Position of Governmental Activities* | | $1,223,551 |

See accompanying notes to the basic financial statements.

**_BLOOM-CARROLL LOCAL SCHOOL DISTRICT_**

*Statement of Revenues, Expenditures and Changes*
*In Fund Balance - Budget and Actual (Budget Basis)*
*General Fund*
*For the Fiscal Year Ended June 30, 2021*

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Property Taxes | $8,606,015 | $9,092,377 | $9,063,864 | ($28,513) |
| Income Taxes | 5,173,875 | 5,673,875 | 5,694,453 | 20,578 |
| Intergovernmental | 6,054,788 | 6,356,788 | 6,396,032 | 39,244 |
| Interest | 80,000 | 80,000 | 50,446 | (29,554) |
| Tuition and Fees | 800,000 | 969,000 | 984,987 | 15,987 |
| Rentals | 0 | 1,500 | 1,560 | 60 |
| Customer Sales and Services | 91,500 | 65,000 | 61,457 | (3,543) |
| Miscellaneous | 146,604 | 95,604 | 96,786 | 1,182 |
| *Total Revenues* | 20,952,782 | 22,334,144 | 22,349,585 | 15,441 |
| **Expenditures:** | | | | |
| *Current:* | | | | |
| *Instruction:* | | | | |
| Regular | 8,159,779 | 8,159,779 | 8,256,945 | (97,166) |
| Special | 3,171,317 | 3,171,317 | 2,848,555 | 322,762 |
| Vocational | 239,352 | 239,352 | 226,841 | 12,511 |
| Student Intervention Services | 188,307 | 188,307 | 203,481 | (15,174) |
| Other | 665,308 | 665,308 | 718,673 | (53,365) |
| *Support Services:* | | | | |
| Pupils | 1,221,698 | 1,221,698 | 1,267,681 | (45,983) |
| Instructional Staff | 855,545 | 885,545 | 903,357 | (17,812) |
| Board of Education | 133,117 | 133,117 | 115,832 | 17,285 |
| Administration | 2,284,043 | 2,284,043 | 2,279,583 | 4,460 |
| Fiscal | 397,248 | 374,471 | 401,593 | (27,122) |
| Operation and Maintenance of Plant | 1,870,615 | 1,870,615 | 1,851,793 | 18,822 |
| Pupil Transportation | 1,724,055 | 1,724,055 | 1,610,270 | 113,785 |
| Central | 421,066 | 421,066 | 357,261 | 63,805 |
| Extracurricular Activities | 577,082 | 577,082 | 556,909 | 20,173 |
| *Total Expenditures* | 21,908,532 | 21,915,755 | 21,598,774 | 316,981 |
| *Excess of Revenues Over (Under) Expenditures* | (955,750) | 418,389 | 750,811 | 332,422 |
| **Other Financing Sources/(Uses):** | | | | |
| Refund of Prior Year Expense | 1,000 | 271,000 | 275,911 | 4,911 |
| Transfers Out | (190,000) | (190,000) | (80,823) | 109,177 |
| *Total Other Financing Sources/(Uses)* | (189,000) | 81,000 | 195,088 | 114,088 |
| *Excess of Revenues Over/ (Under) Expenditures and Other Financing Uses* | (1,144,750) | 499,389 | 945,899 | 446,510 |
| *Fund Balances at Beginning of Year* | 3,773,580 | 3,773,580 | 3,773,580 | 0 |
| *Prior Year Encumbrances Appropriated* | 151,844 | 151,844 | 151,844 | 0 |
| *Fund Balance at End of Year* | $2,780,674 | $4,424,813 | $4,871,323 | $446,510 |

See accompanying notes to the basic financial statements.

**_BLOOM-CARROLL LOCAL SCHOOL DISTRICT_**

*Statement of Net Position*

*Proprietary Fund*

*June 30, 2021*

| | Governmental Activities |
|---|---|
| | Internal Service |
| ***Assets:*** | |
| *Current Assets:* | |
| Equity in Pooled Cash and Cash Equivalents | $46,204 |
| Cash and Cash Equivalents with Fiscal Agent | 2,194,315 |
| Intergovernmental Receivable | 39,641 |
| *Total Current Assets* | 2,280,160 |
| ***Liabilities:*** | |
| *Current Liabilities:* | |
| Claims Payable | 218,889 |
| ***Net Position:*** | |
| Unrestricted | $2,061,271 |

See accompanying notes to the basic financial statements.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**
*Statement of Revenues,*
*Expenses and Change in Fund Net Position*
*Proprietary Fund*
*For the Fiscal Year Ended June 30, 2021*

| | Governmental Activities |
|---|---|
| | Internal Service |
| ***Operating Revenues:*** | |
| Charges for Services | $3,271,888 |
| Other Revenues | 39,641 |
| *Total Operating Revenues* | 3,311,529 |
| ***Operating Expenses:*** | |
| Purchased Services | 237,529 |
| Claims | 3,353,818 |
| *Total Operating Expenses* | 3,591,347 |
| *Operating Income (Loss)* | (279,818) |
| *Change in Net Position* | (279,818) |
| *Net Position at Beginning of Year* | 2,341,089 |
| *Net Position at End of Year* | $2,061,271 |

See accompanying notes to the basic financial statements.

**_BLOOM-CARROLL LOCAL SCHOOL DISTRICT_**

*Statement of Cash Flows*

*Proprietary Fund*

*For the Fiscal Year Ended June 30, 2021*

| | Governmental Activities |
|---|---|
| | Internal Service |
| ***Increase (Decrease) in Cash and Cash Equivalents:*** | |
| ***Cash Flows from Operating Activities:*** | |
| Cash Received from Interfund Charges | $3,271,888 |
| Cash Payments for Goods and Services | (237,529) |
| Cash Payments for Claims | (3,302,856) |
| *Net Cash from Operating Activities* | (268,497) |
| *Net Decrease in Cash and Cash Equivalents* | (268,497) |
| *Cash and Cash Equivalents at Beginning of Year* | 2,509,016 |
| *Cash and Cash Equivalents at End of Year* | $2,240,519 |
| ***Reconciliation of Operating Income to Net Cash from Operating Activities:*** | |
| Operating Loss | ($279,818) |
| ***Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:*** | |
| *Increase in Assets:* | |
| Intergovernmental Receivables | 39,641 |
| *Increase in Liabilities:* | |
| Claims Payable | (50,962) |
| Total Adjustments | (11,321) |
| *Net Cash from Operating Activities* | ($268,497) |

See accompanying notes to the basic financial statements.

**_BLOOM-CARROLL LOCAL SCHOOL DISTRICT_**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2021*

| | Custodial |
|---|---|
| ***Assets:*** | |
| Equity in Pooled Cash and Cash Equivalents | $34,779,652 |
| ***Liabilities:*** | |
| Accounts Payable | 196 |
| ***Net Position:*** | |
| Restricted for Pool Participants | 34,779,456 |
| Total Net Position | $34,779,456 |

See accompanying notes to the basic financial statements.

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Statement of Change in Fiduciary Net Position*

*Fiduciary Funds*

*For the Fiscal Year Ended June 30, 2021*

| | Custodial |
|---|---|
| ***Additions:*** | |
| Interest | $192,142 |
| Increase (Decrease) in Fair Value of Investments | (114,673) |
| Charges for Insurance Pool Participants | 95,081,740 |
| *Total Additions* | 95,159,209 |
| ***Deductions:*** | |
| Custodial Fund Disbursements for Insurance Pool Participants | 94,625,579 |
| *Change in Net Position* | 533,630 |
| *Net Position at Beginning of Year* | 34,245,826 |
| *Net Position at End of Year* | $34,779,456 |

See accompanying notes to the basic financial statements.

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

### *Description of the School District*

Bloom-Carroll Local School District, (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in Fairfield County, within portions of Bloom Township and Greenfield Township, and the Village of Carroll and Lithopolis, Ohio. It is staffed by 121 certificated employees, 237 (including administrative) full-time and part-time employees who provide services to 2,120 students in grades K through 12 and various community groups, which ranks it 133 out of approximately 881 public and community school districts in Ohio. The District currently operates 4 instructional buildings.

### *Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District has no component units.

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association, the South Central Ohio Insurance Consortium, the State Support Team Region 11 and the Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan. These organizations are presented in Notes 20 and 21 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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

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

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

***A. Basis of Presentation***

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

***Government-Wide Financial Statements***

The Statement of Net Position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

***Fund Financial Statements***

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

***B. Fund Accounting***

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

***Governmental Funds***

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

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

The following are the District's major governmental funds:

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

***Bond Retirement Fund*** - This fund is used to account for financial resources accumulated for the payment of general long-time debt principal, interest and related costs.

***Building Fund*** – This fund is used to account for the proceeds of a property tax levy for the construction of facilities.

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

***Proprietary Fund***

The proprietary fund focus is on the determination of operating income, change in net position, financial position and cash flows and is classified as internal service. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides dental, vision and health benefits to employees.

***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 used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's fiduciary funds are two custodial funds which are used to account for South Central Ohio Insurance Consortium and OHSAA tournament activity.

***C. Measurement Focus***

***Government-Wide Financial Statements***

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

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

### *Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance 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.

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of this fund are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total fund position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

### *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 financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use 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 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, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations are 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 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 non-exchange transactions must also be available before it can be recognized.

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

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

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding pension and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to the liabilities, the Statement of Net Position reports 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, pension, OPEB 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 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 intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

***Expenses/Expenditures***

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

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

***E. Cash and Cash Equivalents***

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 records. Interest in the pool is presented as “cash and cash equivalents” on the 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 presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

During the fiscal year 2021, investments were limited to the negotiable certificates of deposit, Commercial Paper, STAR Ohio, municipal bonds, Federal Agency Securities and U.S. Treasury money market securities.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2021. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Except for nonparticipating investment contracts, the District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost. The District had no nonnegotiable certificates of deposit for fiscal year 2021.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to $41,089 which includes $37,690 assigned from other District funds.

Cash and cash equivalents that are held separately with the District's third party administrator for its self-insurance program, and not included in the District Treasury, are recorded as "Cash and Cash Equivalents with Fiscal Agent".

***F. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale. As of June 30, 2021, the District reported no inventory.

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***H. Restricted Assets***

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted assets in the General Fund include amounts required by statute to be set-aside by the District to create a reserve for capital improvements. See Note 18 for additional information regarding set-asides.

***I. Capital Assets***

General capital assets are associated with and generally arise from 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 fair market values as of the date received. The District maintains a capitalization threshold of $1,000. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

| Description | Estimated Lives |
|---|---|
| Land Improvements/Infrastructure | 20 years |
| Buildings and Improvements | 20 - 50 years |
| Furniture, Fixtures and Equipment | 5 - 20 years |
| Vehicles | 10 years |

### *J. Interfund Balances*

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

### *K. Pensions*

For purposes of measuring the net pension/OPEB liability, 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.

### *L. Compensated Absences*

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's leave policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 20 years of service with the District.

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

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

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

***M. Accrued Liabilities and Long-Term Liabilities***

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

***N. Net Position***

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

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

***O. Fund Balance***

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

***Nonspendable*** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

***Committed*** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** – amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

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

***Unassigned*** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

### *P. Operating Revenues and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the self-insurance service that is the primary activity of that fund.

### *Q. Interfund Transactions*

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one 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 to the funds that initially paid for them are not presented on the financial statements.

### *R. Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. The District did not have any extraordinary items during fiscal year 2021.

Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. The District did not have any special items during fiscal year 2021.

### *S. Estimates*

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

### *T. Budgetary Process*

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and 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 District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amount reported as the original budgeted amounts in the budgetary statement reflects the amounts in the certificate when the appropriations were adopted. The amount reported as the final budgeted amounts in the budgetary statement reflects the amounts in the final amended certificate issued during fiscal year 2021.

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

## ***NOTE 3 - NEW GASB PRONOUNCEMENTS***

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 87, "*Leases*," GASB Statement No.89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*," GASB Statement No. 90, "*Majority Equity Interests*," GASB Statement No. 92, "*Omnibus 2020,*" and GASB Statement No. 93, "*Replacement of Interbank Offered Rates*." The implementation of GASB Statements Nos. 87, 89, 90, 92 and 93 had no effect on the prior period fund balances of the District.

## ***NOTE 4 - ACCOUNTABILITY***

The following funds had deficit fund balances as of June 30, 2021:

| Fund | Amount |
|---|---|
| *Nonmajor Special Revenue Funds:* | |
| Student Wellness and Success Grant | $13,296 |
| IDEA-B | 46,679 |
| Title I | 17,539 |
| Title II-A | 105 |

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

## ***NOTE 5 - BUDGETARY BASIS OF ACCOUNTING***

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described earlier is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and modified accrual GAAP basis are that:

**NOTE 5- BUDGETARY BASIS OF ACCOUNTING-** (continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as assigned fund balance.

4. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

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

| Net Change in Fund Balance | |
|---|---|
| GAAP Basis | $1,429,610 |
| *Adjustments:* | |
| Revenue Accruals | (468,284) |
| Expenditure Accruals | 138,902 |
| Encumbrances | (131,909) |
| *Prospective Difference:* | |
| Activity of Funds Reclassified For GAAP Reporting Purposes | (22,420) |
| Budget Basis | $945,899 |

***NOTE 6 - 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 has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

***NOTE 6 - DEPOSITS AND INVESTMENTS*** - (Continued)

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio or Ohio local governments, and with certain limitations bonds and other obligations of political subdivisions of the state of Ohio;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

***Cash and Cash Equivalents with Fiscal Agent:*** At June 30, 2021, the District had $2,194,315 on deposit in its self-insurance fiscal agent account. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

***Deposits with Financial Institutions:*** *Custodial Credit Risk:* Custodial credit risk is the risk that, in the event of a bank failure, the District may not be able to recover deposits or collateral securities that are the possession of an outside party. As of June 30, 2021, all of the District's bank balance of $18,629,262 was either covered by Federal Deposit Insurance or collateral was held by the pledging banks trust department not in the District's name.

***NOTE 6 - DEPOSITS AND INVESTMENTS*** - (Continued)

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

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

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

The District's only financial institution is enrolled in the OPCS.

***Investments:*** The District had the following investments at June 30, 2021:

| | | Investment Maturities | | | | |
|---|---|---|---|---|---|---|
| Investment Type | Fair Value | 6 Months or Less | 7 to 12 Months | 13 to 18 Months | 19 to 24 Months | Greater than 24 Months |
| Negotiable CDs | $2,421,300 | $64,000 | $496,678 | $501,074 | $505,768 | $853,780 |
| STAR OHIO | 519,265 | 519,265 | 0 | 0 | 0 | 0 |
| Total | $2,940,565 | $583,265 | $496,678 | $501,074 | $505,768 | $853,780 |

The SCOIC had the following investments at June 30, 2021:

| | | Investment Maturities | | | | |
|---|---|---|---|---|---|---|
| Investment Type | Fair Value | 6 Months or Less | 7 to 12 Months | 13 to 18 Months | 19 to 24 Months | Greater than 24 Months |
| FFCB | $5,979,250 | $0 | $0 | $0 | $0 | $5,979,250 |
| FHLB | 1,984,010 | 0 | 0 | 0 | 0 | 1,984,010 |
| FHLMC | 3,973,060 | 0 | 0 | 0 | 0 | 3,973,060 |
| FNMA | 499,695 | 0 | 0 | 0 | 0 | 499,695 |
| Negotiable CDs | 4,286,117 | 0 | 0 | 750,504 | 757,285 | 2,778,328 |
| Commercial Paper | 3,498,075 | 3,498,075 | 0 | 0 | 0 | 0 |
| Municipal Bonds | 2,228,714 | 1,303,679 | 0 | 0 | 0 | 925,035 |
| U.S. Treasury Money Market | 1,059,541 | 1,059,541 | 0 | 0 | 0 | 0 |
| Total | $23,508,462 | $5,861,295 | $0 | $750,504 | $757,285 | $16,139,378 |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2021. All of the District's investments are valued using quoted market prices (Level 1 inputs).

***NOTE 6 - DEPOSITS AND INVESTMENTS*** - (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by keeping the portfolio sufficiently liquid to enable the school to meet all operating requirements.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits their investments to obligations of Federal Government Agencies or Instrumentalities as described in Ohio Revised Code Section 135.143A (2). Investments in all federal agency securities and U.S. Treasury money market funds were rated 'Aaa' by Moody's Investor Services. Credit ratings for the negotiable CDs are not readily available.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer.

| | District | | SCOIC | |
|---|---|---|---|---|
| Investment Type | Fair Value | % of Total | Fair Value | % of Total |
| FFCB | $0 | 0.00% | $5,979,250 | 25.43% |
| FHLB | 0 | 0.00% | 1,984,010 | 8.44% |
| FHLMC | 0 | 0.00% | 3,973,060 | 16.90% |
| FNMA | 0 | 0.00% | 499,695 | 2.13% |
| Negotiable CDs | $2,421,300 | 82.34% | 4,286,117 | 18.23% |
| Commercial Paper | 0 | 0.00% | 3,498,075 | 14.88% |
| Municipal Bonds | 0 | 0.00% | 2,228,714 | 9.48% |
| STAR OHIO | 519,265 | 17.66% | 0 | 0.00% |
| U.S. Treasury Money Market | 0 | 0.00% | 1,059,541 | 4.51% |
| Total | $2,940,565 | 100.00% | $23,508,462 | 100.00% |

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

All of the District's investments are either insured and registered in the name of the District or at least registered in the name of the District.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the District's cash management pool and investments with a maturity date of three months or less.

## *NOTE 6 - **DEPOSITS AND INVESTMENTS*** - (Continued)

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of June 30, 2021:

| | |
|---|---|
| Cash and investments per note | |
| Carrying amount of deposits | $18,569,446 |
| Investments - District | 2,940,565 |
| Investments - SCOIC | 23,508,462 |
| Cash and Cash Equivalents with fiscal agent | 2,194,315 |
| Total | $47,212,788 |
| | |
| Cash and investments per Statement of Net Position | |
| Governmental Activities | $12,433,136 |
| Custodial Funds | 34,779,652 |
| Total | $47,212,788 |

## *NOTE 7 - **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 of 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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date.

Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The District receives property taxes from Fairfield 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 available to be advanced can vary based on the date the tax bills are sent.

## _NOTE 7 - PROPERTY TAXES_ - (Continued)

Accrued property taxes receivable represents the June 2021 delinquent taxes outstanding and real property, and public utility taxes which become measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2021 was $343,524 and is recognized as revenue in the General Fund, Bond Retirement Fund, and Permanent Improvement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

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

| | 2020 Second Half Collections | | 2021 First Half Collections | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | $392,554,930 | 89.45% | $400,629,780 | 89.84% |
| Public Utility Personal | 46,316,840 | 10.55% | 45,310,500 | 10.16% |
| Total Assessed Value | $438,871,770 | 100.00% | $445,940,280 | 100.00% |
| Tax rate per $1,000 of assessed valuation | $51.50 | | $51.20 | |

## _NOTE 8- INCOME TAXES_

The District levies a voted tax of 1.25 percent for general operations on the income of residents. The District had a 0.75 percent tax that was effective on January 1, 1998 and is a continuing tax. In November 2005, the voters of the District passed an additional income tax levy of 0.50 percent that became effective January 1, 2006. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue of $6,544,107 was credited to the General Fund during fiscal year 2021.

## _NOTE 9 – TAX ABATEMENTS_

For the year ended June 30, 2021, the District implemented GASB Statement No. 77, Tax Abatement Disclosures. A tax abatement is defined as a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the District or the citizens of the District. The District has entered into such agreements. A description of the District's abatement programs where the District has promised to forego taxes follows:

***NOTE 9 – TAX ABATEMENTS*** - (Continued)

**Enterprise Zone Program**

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone. Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

There is one Enterprise Zone within the District. Businesses located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent (75%) for 10 years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than 75 percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the District may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

A summary of the taxes foregone on the District's abatement programs for the year ended June 30, 2021 follows:

| Program | Tax Abated | Amount |
|---|---|---|
| Enterprise Zone Agreement | Property Tax | $5,818 |

***NOTE 10 - RECEIVABLES***

Receivables at June 30, 2021 consisted of property taxes, income taxes, accounts (student fees) interest and intergovernmental. 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 intergovernmental receivables follows:

| Governmental Activities: | |
|---|---|
| General Fund | $70,223 |
| *Nonmajor Special Revenue Funds:* | |
| Food Service | 86,704 |
| Miscellaneous State Grants | 29,864 |
| *Total Nonmajor Special Revenue Funds* | 116,568 |
| Internal Service Fund | 39,641 |
| Total Intergovernmental Receivables | $226,432 |

## *NOTE 11 - CAPITAL ASSETS*

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

| Asset Category | Balance at July 1, 2020 | Additions | Deductions | Balance at June 30, 2021 |
|---|---|---|---|---|
| *Nondepreciable Capital Assets:* | | | | |
| Land | $806,734 | $0 | $0 | $806,734 |
| Construction in Progress | 10,370,137 | 19,133,199 | 0 | 29,503,336 |
| Total Nondepreciable Capital Assets | 11,176,871 | 19,133,199 | 0 | 30,310,070 |
| *Depreciable Capital Assets:* | | | | |
| Land Improvements/Infrastructure | 6,234,367 | 48,904 | 0 | 6,283,271 |
| Buildings and Improvements | 20,824,783 | 206,653 | 0 | 21,031,436 |
| Furniture, Fixtures and Equipment | 8,683,081 | 262,801 | 0 | 8,945,882 |
| Vehicles | 2,160,615 | 97,000 | 0 | 2,257,615 |
| Total Depreciable Capital Assets | 37,902,846 | 615,358 | 0 | 38,518,204 |
| Total Capital Assets | 49,079,717 | 19,748,557 | 0 | 68,828,274 |
| *Accumulated Depreciation:* | | | | |
| Land Improvements/Infrastructure | (1,396,030) | (172,418) | 0 | (1,568,448) |
| Buildings and Improvements | (4,582,606) | (450,057) | 0 | (5,032,663) |
| Furniture, Fixtures and Equipment | (3,797,681) | (438,056) | 0 | (4,235,737) |
| Vehicles | (878,662) | (129,355) | 0 | (1,008,017) |
| Total Accumulated Depreciation | (10,654,979) | (1,189,886) | 0 | (11,844,865) |
| Total Net Capital Assets | $38,424,738 | $18,558,671 | $0 | $56,983,409 |

**_NOTE 11 - CAPITAL ASSETS_** - (Continued)

Depreciation expense was charged to governmental functions as follow:

| | |
|---|---|
| _Instruction:_ | |
| Regular | $835,742 |
| Special | 1,262 |
| Vocational | 2,839 |
| _Support Services:_ | |
| Pupils | 5,516 |
| Instructional Staff | 47,625 |
| Board of Education | 1,321 |
| Administration | 2,435 |
| Operations and Maintenance | 122,082 |
| Pupil Transportation | 129,248 |
| Operation of Non-Instructional Services | 5,039 |
| Extracurricular Activities | 36,777 |
| Total Depreciation Expense | $1,189,886 |

**_NOTE 12 - RISK MANAGEMENT_**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the District contracted with Liberty Mutual for professional and general liability insurance, fleet insurance, and property insurance. Coverage's provided are as follows:

| Description | Amount |
|---|---|
| Building and Contents ($2,500 deductible) | $ 49,610,814 |
| Inland Marine Coverage ($250 deductible) | 50,000 |
| _Automobile Liability:_ ($1,000 deductible for collision and $1,000 comprehensive) | |
| Each Accident | 1,000,000 |
| Aggregate Limit per Year | 3,000,000 |
| _Professional and General Liability:_ | |
| Each Occurrence | 1,000,000 |
| Aggregate Limit per Year | 2,000,000 |
| Umbrella Liability | 2,000,000 |
| _Public Officials Bonds:_ | |
| Treasurer | 100,000 |
| Superintendent | 74,000 |
| Board President | 74,000 |
| Public Employee Dishonesty | 25,000 |

**_NOTE 12 - RISK MANAGEMENT_** - (Continued)

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

For fiscal year 2021, the District participated with Sheakley Uniservice Inc. (the "Plan"), an insurance purchasing pool (Note 21). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

The District provides medical, prescription and dental insurance for its employees. Premiums are paid directly to the South Central Ohio Insurance Consortium (SCOIC). SCOIC contracted with Jefferson Health Plan, formerly known as Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), Jefferson Health Plan contracted with Employee Benefits Management Corporation to service the claims of SCOIC members.

The District was self-funded with the South Central Ohio Insurance Consortium effective January 1, 2002.

The South Central Ohio Insurance Consortium was established to accumulate balances sufficient to self-insure basic medical and prescription drug coverage and permit excess umbrella coverage for claims over a predetermined level. The Board’s share and the employees’ share of premium contributions are determined by the negotiated agreement for certificated employees and by Board action for administrators and classified employees.

Premiums are paid to the South Central Ohio Insurance Consortium Fund from the Self Insurance Fund of the District. The cash balance with the fiscal agent at June 30, 2021, was $2,194,315. Claims payments are made on an as-incurred basis by the third party administrator, with the balance of contributions remaining with the Fiscal Agent of the Consortium.

The member districts are self-insured for medical, dental and pharmacy benefits. The risk for medical, dental and pharmacy benefits remains with the member districts. The claims payable will be reported for medical, dental and pharmacy claims as of June 30, 2021, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

The claims liability of $218,889 supported at June 30, 2021 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

| Fiscal Year | Balance at Beginning of Year | Current Year Claims | Claims Payments | Balance at End of Year |
|---|---|---|---|---|
| 2020 | $433,465 | $2,651,662 | $2,917,200 | $167,927 |
| 2021 | 167,927 | 3,353,818 | 3,302,856 | 218,889 |

## *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) represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/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 this estimate annually.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

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

**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 on or after August 1, 2017 |
|---|---|---|
| Full Benefits | Any age with 30 years of service credit | Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |

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

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

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

***Funding Policy*** – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The School District's contractually required contribution to SERS was $462,960 for fiscal year 2021. Of this amount, $0 is reported as an intergovernmental payable.

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

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

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent 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 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. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

***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. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $1,227,396 for fiscal year 2021. Of this amount, $226,172 is reported as an intergovernmental payable.

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

***Pension Liabilities, Pension Expense, and Deferred Outflows/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 independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 0.08165390% | 0.07005153% | |
| Prior Measurement Date | 0.08211390% | 0.06875283% | |
| Change in Proportionate Share | -0.00046000% | 0.00129870% | |
| Proportionate Share of the Net Pension Liability | $5,400,761 | $16,949,978 | $22,350,739 |
| Pension Expense | $657,685 | $2,357,325 | $3,015,010 |

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

**NOTE 13 - <u>DEFINED BENEFIT PENSION PLANS</u>** - (continued)

| | SERS | STRS | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Differences between Expected and Actual Experience | $10,491 | $38,032 | $48,523 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 342,838 | 824,278 | 1,167,116 |
| Changes of Assumptions | 0 | 909,888 | 909,888 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 8,870 | 411,802 | 420,672 |
| Contributions Subsequent to the Measurement Date | 462,960 | 1,227,396 | 1,690,356 |
| **Total Deferred Outflows of Resources** | $825,159 | $3,411,396 | $4,236,555 |
| **Deferred Inflows of Resources** | | | |
| Differences between Expected and Actual Experience | $0 | $108,383 | $108,383 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 5,176 | 0 | 5,176 |
| **Total Deferred Inflows of Resources** | $5,176 | $108,383 | $113,559 |

$1,690,356 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. 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 | $37 | $686,852 | $686,889 |
| 2023 | 106,746 | 395,139 | 501,885 |
| 2024 | 142,903 | 544,724 | 687,627 |
| 2025 | 107,337 | 448,902 | 556,239 |
| | $357,023 | $2,075,617 | $2,432,640 |

***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 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.

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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:

| | |
|---|---|
| Actuarial Cost Method | Entry Age Normal (Level Percentage of Payroll, Closed) |
| Inflation | 3.00 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.50 percent, net of investment expense, including inflation |
| COLA or Ad Hoc COLA | 2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement |

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 2.00 % | 1.85 % |
| US Stocks | 22.50 | 5.75 |
| Non-US Stocks | 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 | 100.00 % | |

***Discount Rate*** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's Proportionate Share of the Net Pension Liability | $7,398,383 | $5,400,761 | $3,724,718 |

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

| | |
|---|---|
| Inflation | 2.50 percent |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Projected Salary Increases | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases | 3.00 percent |
| Cost-of-Living Adjustments | 0.00 percent |

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

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

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

***Discount Rate***. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' 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 investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***
The following table represents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's Proportionate Share of the Net Pension Liability | $24,133,817 | $16,949,978 | $10,862,272 |

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

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District's liability is 6.2 percent of wages paid.

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLANS**

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

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

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

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

***Funding Policy*** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was $58,232, which is reported as an intergovernmental payable.

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLANS - (continued)**

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

***Plan Description –*** The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS 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 were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

***Funding Policy –*** Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net OPEB Liability: | | | |
| Current Measurement Date | 0.08330000% | 0.07005153% | |
| Prior Measurement Date | 0.08360260% | 0.06875283% | |
| Change in Proportionate Share | -0.00030260% | 0.00129870% | |
| Proportionate Share of the Net OPEB Liability/(Asset) | $1,810,382 | ($1,231,154) | $579,228 |
| OPEB Expense (Gain) | $15,982 | ($65,290) | ($49,308) |

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLANS -** (continued)

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

| | SERS | STRS | Total |
|---|---|---|---|
| **Deferred Outflows of Resources** | | | |
| Differences between Expected and Actual Experience | $23,777 | $78,886 | $102,663 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 20,400 | 43,146 | 63,546 |
| Changes of Assumptions | 308,608 | 20,322 | 328,930 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 105,290 | 31,754 | 137,044 |
| Contributions Subsequent to the Measurement Date | 58,232 | 0 | 58,232 |
| **Total Deferred Outflows of Resources** | $516,307 | $174,108 | $690,415 |
| **Deferred Inflows of Resources** | | | |
| Differences between Expected and Actual Experience | $920,707 | $245,228 | $1,165,935 |
| Changes of Assumptions | 45,600 | 1,169,393 | 1,214,993 |
| Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions | 7,634 | 0 | 7,634 |
| **Total Deferred Inflows of Resources** | $973,941 | $1,414,621 | $2,388,562 |

$58,232 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2022 | ($94,533) | ($310,015) | ($404,548) |
| 2023 | (93,057) | (280,809) | (373,866) |
| 2024 | (93,298) | (270,565) | (363,863) |
| 2025 | (108,316) | (264,233) | (372,549) |
| 2026 | (93,152) | (55,703) | (148,855) |
| Thereafter | (33,510) | (59,188) | (92,698) |
| | ($515,866) | ($1,240,513) | ($1,756,379) |

***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.

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLANS -** (continued)

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

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

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

| | |
|---|---|
| Inflation | 3.00 percent |
| Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| Municipal Bond Index Rate | |
| Measurement Date | 2.45 percent |
| Prior Measurement Date | 3.13 percent |
| Single Equivalent Interest Rate | |
| Measurement Date | 2.63 percent, net of plan investment expense, including price inflation |
| Prior Measurement Date | 3.22 percent, net of plan investment expense, including price inflation |
| Health Care Cost Trend Rate | |
| Pre-Medicare | 7.00 percent - 4.75 percent |
| Medicare | 5.25 percent - 4.75 percent |

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

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

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

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT 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 Stocks | 22.50 | 5.75 |
| Non-US Stocks | 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 | 100.00 % | |

***Discount Rate*** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no 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, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's Proportionate Share of the Net OPEB Liability | $2,215,862 | $1,810,382 | $1,488,025 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| District's Proportionate Share of the Net OPEB Liability | $1,425,538 | $1,810,382 | $2,325,016 |

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLANS - (continued)**

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

| | | |
|---|---|---|
| Inflation | 2.50 percent | |
| Projected Salary Increases | 12.50 percent at age 20 to 2.50 percent at age 65 | |
| Payroll Increases | 3.00 percent | |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation | |
| Discount Rate of Return | 7.45 percent | |
| Health Care Cost Trend Rates | | |
| Medical | Initial | Ultimate |
| Pre-Medicare | 5.00 percent | 4.00 percent |
| Medicare | -6.69 percent | 4.00 percent |
| Prescription Drug | | |
| Pre-Medicare | 6.50 percent | 4.00 percent |
| Medicare | 11.87 percent | 4.00 percent |

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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

**NOTE 14 - DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFIT PLANS -** (continued)

***Discount Rate*** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's Proportionate Share of the Net OPEB Asset | ($1,071,185) | ($1,231,154) | ($1,366,883) |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| District's Proportionate Share of the Net OPEB Asset | ($1,358,458) | ($1,231,154) | ($1,076,080) |

***Benefit Term Changes since the Prior Measurement Date*** There were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

### _NOTE 15 - LONG-TERM LIABILITIES_

The changes in the District's long-term liabilities during fiscal year 2021 were as follows:

| | Issue Date | Interest Rate | Balance at July 1, 2020 | Additions | Deductions | Balance at June 30, 2021 | Amount Due In One Year |
|---|---|---|---|---|---|---|---|
| *Governmental Activities:* | | | | | | | |
| School Improvement Bonds | 2010 | 5.80% | $6,690,000 | $0 | $1,035,000 | $5,655,000 | $1,065,000 |
| Energy Conservation Bonds | 2012 | 3.70% | 310,000 | 0 | 35,000 | 275,000 | 35,000 |
| General Obligation Refunding Bonds: | | | | | | | |
| Serial Bonds | 2013 | 2-4% | 2,530,000 | 0 | 2,530,000 | 0 | 0 |
| Capital Appreciation Bonds | 2013 | 37.00% | 6,754 | 0 | 1,991 | 4,763 | 1,418 |
| Accretion on Capital Appreciation B | 2013 | 37.00% | 64,814 | 24,304 | 23,009 | 66,109 | 23,582 |
| General Obligation Refunding Bonds | 2016 | 3-4% | 8,000,000 | 0 | 0 | 8,000,000 | 0 |
| School Improvement Bond A | | | | | | | |
| Serial Bonds | 2018 | 3-5% | 5,835,000 | 0 | 280,000 | 5,555,000 | 290,000 |
| Term Bonds | 2018 | 3.5-5% | 15,390,000 | 0 | 0 | 15,390,000 | 0 |
| School Improvement Bond B | | | | | | | |
| Serial Bonds | 2018 | 3-4% | 3,600,000 | 0 | 855,000 | 2,745,000 | 190,000 |
| Term Bonds | 2018 | 3.5-5% | 3,900,000 | 0 | 0 | 3,900,000 | 0 |
| Add Deferred Amounts: | | | | | | | |
| Premiums on Bonds | | | 3,463,427 | 0 | 124,799 | 3,338,628 | 124,798 |
| School Improvement Refunding Bond | 2021 | | 0 | 2,530,000 | 0 | 2,530,000 | 10,000 |
| Total General Obligation Bonds | | | 49,789,995 | 2,554,304 | 4,884,799 | 44,929,500 | 1,739,798 |
| Net Pension Liability: | | | | | | | |
| STRS | | | 15,204,275 | 1,745,703 | 0 | 16,949,978 | 0 |
| SERS | | | 4,913,019 | 487,742 | 0 | 5,400,761 | 0 |
| Total Net Pension Liability | | | 20,117,294 | 2,233,445 | 0 | 22,350,739 | 0 |
| Net OPEB Liability: | | | | | | | |
| SERS | | | 2,102,430 | 0 | 292,048 | 1,810,382 | 0 |
| Total Net Pension Liability | | | 2,102,430 | 0 | 292,048 | 1,810,382 | 0 |
| Capital Lease Payable | | | 63,628 | 0 | 63,628 | 0 | 0 |
| Compensated Absences | | | 743,510 | 429,088 | 321,342 | 851,256 | 143,387 |
| Total Governmental Activities Long-Term Liabilities | | | $72,816,857 | $5,216,837 | $5,561,817 | $69,941,877 | $1,883,185 |

*School Improvement Bonds – Buildings and Improvements* – In April 2010, school improvement bonds at 5.80% interest were issued in the amount of $26,500,000, as a result of the District being approved for school facilities funding through the State Department of Education for the renovation of the High School Building and to construct a new grades 5-8 middle school building. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2037. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 5.8 mill levy in November 2009. These bonds will be retired through the Bond Retirement Fund using these tax revenues.

*Energy Conservation Bonds* – In June 2012, energy conservation bonds at 3.70% interest were issued in the amount of $515,229. The bonds are to be used for energy conservation measures including installations, modifications or remodeling to reduce energy consumption in buildings owned by the District. The bonds were issued for fifteen year period with final maturity at December 2027. These bonds will be retired through the Bond Retirement Fund.

***NOTE 15 - LONG-TERM LIABILITIES*** - (Continued)

*General Obligation Refunding Bonds* – In June 2013, general obligation refunding bonds were issued in the amount of $10,761,731 for the purpose of refunding a portion of the 2010 School Improvement Bonds. $3,505,000 was issued as serial bonds with interest rates ranging from 2.00% to 4.00%. $6,145,000 was issued as term bonds with interest rates ranging from 3.50% to 4.00%. $1,085,000 was issued as taxable serial bonds with interest rates ranging from 3.50% to 3.65%. Finally, $26,732 was issued as capital appreciation bonds with an interest rate of 37.00%. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of $568,518 and a reduction of $859,540 in future debt service payments. The bonds were issued for a twenty-five year period, with final maturity December 1, 2037. The remaining serial bonds of $2,530,000 were retired during fiscal year 2021 through the Bond Retirement Fund, using the proceeds from the 2021 General Obligation Refunding Bonds issuance.

*General Obligation Refunding Bonds* – In October 2016, general obligation refunding bonds were issued in the amount of $8,000,000 for the purpose of refunding a portion of the 2013 Serial Bonds, the 2013 Term Bonds and the 2013 Taxable Serial Bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of $363,614 and a reduction of $479,739 in future debt service payments. The bonds were issued for a twenty year period, with final maturity December 1, 2037. The bonds will be retired through the Bond Retirement Fund.

*School Improvement Bonds* – In July 2018, school improvement bonds A and B were issued in the amount of $21,500,000 and $8,500,000 for the construction of a new elementary school. The $2,524,423 premium on the issuance of the serial bonds is netted against this debt and is being amortized over the life of the debt. The serial bonds are retired through the Bond Retirement Fund using tax revenues.

*General Obligation Refunding Bonds* – In February 2021, general obligation refunding bonds were issued in the amount of $2,530,000 for the purpose of refunding the 2013 General Obligation Refunding Bonds. $2,505,000 was issued as serial bonds with an interest rate of 1.52%. $25,000 was issued as term bonds with an interest rate of 1.52%. $1,085,000 was issued as taxable serial bonds with interest rates ranging from 3.50% to 3.65%. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of $388,799 and a reduction of $430,299 in future debt service payments. The bonds were issued for a ten year period, with final maturity December 1, 2031. The bonds will be retired through the Bond Retirement Fund.

***Mandatory Sinking Fund Redemption***

The Series 2019A Bonds due November 1, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2036 and each November 1, thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2036 | $510,000 |
| 2037 | 530,000 |

Unless otherwise called for redemption, the remaining $545,000 principal amount of the Series 2019A Bonds due November 1, 2038 is to be paid at stated maturity.

The Series 2019A Bonds due November 1, 2043 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2039 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

***NOTE 15 - LONG-TERM LIABILITIES*** - (Continued)

| Date | Principal Amount to be Redeemed |
|---|---|
| 2039 | $565,000 |
| 2040 | 585,000 |
| 2041 | 610,000 |
| 2042 | 630,000 |

Unless otherwise called for redemption, the remaining $655,000 principal amount of the Series 2019A Bonds due November 1, 2043 is to be paid at stated maturity.

The Series 2019A Bonds due November 1, 2048 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2044 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2044 | $675,000 |
| 2045 | 710,000 |
| 2046 | 745,000 |
| 2047 | 785,000 |

Unless otherwise called for redemption, the remaining $820,000 principal amount of the Series 2019A Bonds due November 1, 2048 is to be paid at stated maturity.

The Series 2019A Bonds due November 1, 2055 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2049 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2049 | $865,000 |
| 2050 | 905,000 |
| 2051 | 950,000 |
| 2052 | 1,000,000 |
| 2053 | 1,050,000 |
| 2054 | 1,100,000 |

Unless otherwise called for redemption, the remaining $1,155,000 principal amount of the Series 2019A Bonds due November 1, 2055 is to be paid at stated maturity.

The Series 2019B Bonds due November 1, 2035 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2032 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2032 | $315,000 |
| 2033 | 335,000 |
| 2034 | 345,000 |

Unless otherwise called for redemption, the remaining $365,000 principal amount of the Series 2019B Bonds due November 1, 2035 is to be paid at stated maturity.

***NOTE 15 - LONG-TERM LIABILITIES*** - (Continued)

The Series 2019B Bonds due November 1, 2038 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2036 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2036 | $385,000 |
| 2037 | 395,000 |

Unless otherwise called for redemption, the remaining $415,000 principal amount of the Series 2019B Bonds due November 1, 2038 is to be paid at stated maturity.

The Series 2019B Bonds due November 1, 2041 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2039 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2039 | $425,000 |
| 2040 | 450,000 |

Unless otherwise called for redemption, the remaining $470,000 principal amount of the Series 2019B Bonds due November 1, 2041 is to be paid at stated maturity.

The Series 2021 Bonds due December 1, 2031 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2029 and each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

| Date | Principal Amount to be Redeemed |
|---|---|
| 2029 | $818,000 |
| 2030 | 837,000 |

Unless otherwise called for redemption, the remaining $850,000 principal amount of the Series 2021 Bonds due December 1, 2031 is to be paid at stated maturity.

***Optional Redemption***

The Bonds maturing on or after November 1, 2029 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after November 1, 2028 at par plus accrued interest thereon.

***NOTE 15 - LONG-TERM LIABILITIES*** - (Continued)

If fewer than all of the outstanding Bonds of a single maturity are called for redemption, the selection of the Bonds to be redeemed, or portions thereof in amount of $5,000 or any integral multiple thereof, shall be made by lot by the Paying Agent and Registrar in any manner which the Paying Agent and Registrar may determine. In the case of a partial redemption of Bonds when Bonds of denominations greater than $5,000 are then outstanding, each $5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of $5,000. If one or more, but not all, of such $5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a $5,000 unit or units, the registered holder of that Bond shall surrender the Bond to the Paying Agent and Registrar (a) for payment of the redemption price for the $5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium). And (b) for issuance, without charge to the registered holder thereof, of a new Bond or Bonds of the same series, of any authorized denomination or denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

The notice of call for redemption of Bonds shall identify (i) by designation, letters, numbers or other distinguishing marks, the Bonds or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Paying Agent and Registrar on behalf of the Board of Education by mailing a copy of the redemption notice by regular first class mail, at least 30 days prior to the date fixed for redemption, to the registered holder of each Bond subject to redemption in whole or in part at such registered holder's address shown on the Bond registration records on the fifteenth day preceding that mailing. Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any Bond. Notice having been mailed in the manner provided above, the Bonds and portions thereof called for redemption shall become due and payable on the redemption date and on such redemption date, interest on such Bonds or portions thereof so called shall cease to accrue; and upon presentation and surrender of such Bonds or portions thereof at the place or places specified in that notice, such Bonds or portions thereof shall be paid at the redemption price, including interest accrued to the redemption date.

The District pays obligations related to employee compensation from the fund benefitting from their service. The compensated absences are paid from the fund from which the respective employees' salaries are paid. Most of the District's employees are paid from the General Fund, with the remainder being paid from the Title VI-B and Title I Funds.

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 District's voted legal debt margin was $26,013,753 with an unvoted debt margin of $445,940 at June 30, 2020. The District was granted permission to exceed the voted debt limit of 9% of their total assessed valuation by the State Superintendent of Public Instruction and the Ohio Department of Taxation before issuing these bonds.

***NOTE 15 - LONG-TERM LIABILITIES*** - (Continued)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2021 are as follows:

| | General Obligation Refunding Bonds | | | | | | |
|---|---|---|---|---|---|---|---|
| Year Ending | Capital Appreciation Bonds | 2016 Refunding | | School Improvement Bonds | | Energy Conservation Bonds | |
| June 30 | Principal | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $25,000 | $0 | $300,100 | $1,065,000 | $870,000 | $35,000 | $9,528 |
| 2023 | 25,000 | 0 | 300,100 | 1,095,000 | 870,000 | 35,000 | 8,232 |
| 2024 | 25,000 | 0 | 300,100 | 1,130,000 | 870,000 | 40,000 | 6,845 |
| 2025 | 25,000 | 0 | 300,100 | 1,165,000 | 870,000 | 40,000 | 5,365 |
| 2026 | 25,000 | 0 | 300,100 | 1,200,000 | 435,000 | 40,000 | 3,885 |
| 2027-2031 | 100,000 | 2,080,000 | 1,213,300 | 0 | 0 | 85,000 | 3,238 |
| 2032-2036 | 0 | 3,800,000 | 787,500 | 0 | 0 | 0 | 0 |
| 2037-2040 | 0 | 2,120,000 | 64,850 | 0 | 0 | 0 | 0 |
| Totals | $225,000 | $8,000,000 | $3,566,150 | $5,655,000 | $3,915,000 | $275,000 | $37,093 |

| Year Ending | School Improvement Bonds A | | School Improvement Bonds B | | 2021 School Improvement Refunding Bonds | | Totals | |
|---|---|---|---|---|---|---|---|---|
| June 30 | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $290,000 | $919,743 | $190,000 | $283,076 | $10,000 | $38,380 | $1,615,000 | $2,420,827 |
| 2023 | 300,000 | 911,618 | 210,000 | 275,076 | 2,000 | 38,289 | 1,667,000 | 2,403,315 |
| 2024 | 305,000 | 903,687 | 225,000 | 266,376 | 2,000 | 38,258 | 1,727,000 | 2,385,266 |
| 2025 | 315,000 | 895,531 | 230,000 | 257,276 | 2,000 | 38,228 | 1,777,000 | 2,366,500 |
| 2026 | 325,000 | 885,525 | 240,000 | 247,876 | 2,000 | 38,198 | 1,832,000 | 1,910,584 |
| 2027-2031 | 1,805,000 | 4,237,624 | 1,350,000 | 1,084,380 | 1,662,000 | 165,543 | 7,082,000 | 6,704,085 |
| 2032-2036 | 2,215,000 | 3,804,380 | 1,660,000 | 759,380 | 850,000 | 6,460 | 8,525,000 | 5,357,720 |
| 2037-2041 | 1,585,000 | 3,285,019 | 1,195,000 | 356,914 | 0 | 0 | 4,900,000 | 3,706,783 |
| 2042-2046 | 3,045,000 | 2,726,298 | 1,345,000 | 11,750 | 0 | 0 | 18,545,000 | 10,256,291 |
| 2047-2051 | 3,735,000 | 1,848,750 | 0 | 0 | 0 | 0 | 3,735,000 | 1,848,750 |
| 2052-2056 | 7,025,000 | 682,375 | 0 | 0 | 0 | 0 | 7,025,000 | 682,375 |
| Totals | $20,945,000 | $21,100,550 | $6,645,000 | $3,542,104 | $2,530,000 | $363,356 | $58,430,000 | $40,042,496 |

***NOTE 16 - INTERFUND ACTIVITY***

As of June 30, 2021, receivables and payables that resulted from various interfund transactions were as follows:

| | Interfund Receivable | Interfund Payable |
|---|---|---|
| General | $29,864 | $0 |
| *Nonmajor Special Revenue Funds:* | | |
| Miscellaneous State Grants | 0 | 29,864 |
| Total Non-Major Funds | 0 | 29,864 |
| Total | $29,864 | $29,864 |

***NOTE 16 - INTERFUND ACTIVITY*** - (Continued)

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.

| | Transfers To | | | |
|---|---|---|---|---|
| Transfers From | Bond Retirement | Food Service | District Managed Activities | Total |
| General | $45,823 | $25,000 | $10,000 | $80,823 |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of $80,823 is the result of transfers from the General Fund to the Bond Retirement Fund for debt-energy conservation and to the Food Service Fund and District Managed Activities Fund to supplement their programs.

***NOTE 17 – FUND BALANCES***

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

***NOTE 17 – FUND BALANCES*** - (Continued)

| | General | Bond Retirement | Building | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| *Nonspendable:* | | | | | |
| Prepaids | $14,630 | $0 | $0 | $0 | $14,630 |
| Endowment | 0 | 0 | 0 | 10,000 | 10,000 |
| *Total Nonspendable* | 14,630 | 0 | 0 | 10,000 | 24,630 |
| *Restricted:* | | | | | |
| *Special Revenues:* | | | | | |
| Food Service | 0 | 0 | 0 | 13,800 | 13,800 |
| Athletics | 0 | 0 | 0 | 99,939 | 99,939 |
| Scholarship | 0 | 0 | 0 | 5,669 | 5,669 |
| Student Activities | 0 | 0 | 0 | 91,002 | 91,002 |
| Local Grants | 0 | 0 | 0 | 26,531 | 26,531 |
| Debt Service | 0 | 2,612,987 | 0 | 0 | 2,612,987 |
| Capital Projects | 0 | 0 | 1,961,061 | 113,230 | 2,074,291 |
| Endowment | 0 | 0 | 0 | 25,851 | 25,851 |
| *Total Restricted* | 0 | 2,612,987 | 1,961,061 | 376,022 | 4,950,070 |
| *Assigned:* | | | | | |
| *Encumbrances:* | | | | | |
| Instruction | 16,856 | 0 | 0 | 0 | 16,856 |
| Support Services | 102,973 | 0 | 0 | 0 | 102,973 |
| Extracurricular Activities | 12,080 | 0 | 0 | 0 | 12,080 |
| Public School Support | 66,483 | 0 | 0 | 0 | 66,483 |
| Capital Projects | 0 | 0 | 0 | 3,869 | 3,869 |
| *Total Assigned* | 198,392 | 0 | 0 | 3,869 | 202,261 |
| *Unassigned (Deficit)* | 4,908,985 | 0 | 0 | (77,619) | 4,831,366 |
| Total Fund Balance | $5,122,007 | $2,612,987 | $1,961,061 | $312,272 | $10,008,327 |

***NOTE 18 - STATUTORY SET-ASIDES***

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2021:

| | Capital Improvements |
|---|---|
| Set Aside Balance June 30, 2020 | $0 |
| Current Year Set Aside Requirement | 394,728 |
| Current Year Qualifying Disbursements | (796,857) |
| Total | (402,129) |
| Set Aside Reserved Balance as of June 30, 2021 | $0 |
| Total Restricted Assets | $0 |

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

## *NOTE 19 – ENCUMBRANCE COMMITMENTS*

At June 30, 2021, the District had encumbrance commitments in the governmental funds as follows:

| Fund | |
|---|---|
| General | $131,909 |
| Building | 194,581 |
| *Nonmajor Funds:* | |
| Food Service | 35 |
| Student Activities | 535 |
| Athletics | 4,204 |
| Local Grants | 4,000 |
| Public School Support | 14,653 |
| Permanent Improvement | 8,552 |
| Total Nonmajor Funds | 31,979 |
| Total Encumbrances | $358,469 |

## *NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS*

### ***Metropolitan Educational Technology Association (META)***

META is a jointly governed organization among school districts in Franklin, Fairfield, Madison, Pickaway and Union counties. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, the administrative and instructional functions among member districts. Each of the member districts support META based upon a per pupil charge, dependent upon services utilized. The governing board consists of a representative from each Franklin County district. Districts outside of Franklin County are associate members and each County selects a single district to represent them on the governing board. META is its own fiscal agent. The District paid $104,259 to META for services provided during fiscal year 2021. In accordance with GASB Statement No. 61, the District does not have any equity interest in META because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to any equity interest.

### ***South Central Ohio Insurance Consortium (SCOIC)***

The SCOIC is a regional council of governments organized under Ohio Revised Code Section 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its members consisting of 19 entities within Fairfield, Fayette, Franklin, Hocking, Perry and Ross Counties. The governing board consists of the superintendent or other designees appointed by each of the members of the SCOIC. The participating members pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. The District serves as the fiscal agent for the SCOIC. The District joined the SCOIC on January 1, 2002. To obtain financial information, write to the Bloom-Carroll Local School District, Travis Bigam, who serves as Treasurer, at 5240 Plum Road, Carroll Ohio 43112.

***NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS*** - (Continued)

***State Support Team Region 11(SSRT11)***

The State Support Team Region 11 (SSRT11) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in central Ohio which comprise sixty percent of the Board, two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Development Disabilities, representatives of universities and students and persons with disabilities representations. SSRT11 assists the District in complying with mandates of Public Law 99-456 for educating children with disabilities. There is no financial commitment made by the districts involved in SSRT11. SSRT11 is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council.

***NOTE 21 - INSURANCE PURCHASING POOL***

***Sheakley Uniservice, Inc. Worker's Compensation Group Rating Plan***

The District participates in a Worker's Compensation Group Rating Program (GRP), and insurance purchasing pool with the Sheakley Uniservice, Inc. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

***NOTE 22- CONTINGENCIES***

***A. Grants***

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

***B. Litigation***

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

***C. School Foundation***

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all of the FTE adjustments from ODE have been finalized for the fiscal year ended June 30, 2021. The School District has a payable of $35,523. Management does not believe these adjustments will have a material effect on the District’s financial statements; therefore, this amount has not been included in the financial statements.

## *NOTE 23 – COVID-19*

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021. 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 post-employment benefits plan in which the District participates fluctuate 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 reasonably estimated.

## NOTE 24 - SUBSEQUENT EVENTS

For fiscal year 2022, school 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 and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported $1,032,298 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School 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.

THIS PAGE INTENTIONALLY LEFT BLANK

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Required Supplementary Information*

*Schedule of the District's Proportionate Share of Net Pension Liability*

*Last Eight Fiscal Years (1)*

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| ***School Employees Retirement System of Ohio*** | | | |
| District's Proportion of the Net Pension Liability | 0.08165390% | 0.08211390% | 0.08284680% |
| District's Proportionate Share of the Net Pension Liability | $5,400,761 | $4,913,019 | $4,744,790 |
| District's Covered-Employee Payroll | $3,159,943 | $3,021,943 | $2,869,029 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll | 170.91% | 162.58% | 165.38% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.55% | 70.85% | 69.50% |
| ***State Teachers Retirement System of Ohio*** | | | |
| District's Proportion of the Net Pension Liability | 0.07005153% | 0.06875283% | 0.06859155% |
| District's Proportionate Share of the Net Pension Liability | $16,949,978 | $15,204,275 | $15,081,742 |
| District's Covered-Employee Payroll | $9,214,886 | $7,995,029 | $7,959,429 |
| District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll | 183.94% | 190.17% | 189.48% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.48% | 77.40% | 75.30% |

(1) Information prior to 2013 is not available.

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

See accompanying notes to the required supplementary information.

| 2017 | 2016 | 2015 | 2014 | 2013 |
| --- | --- | --- | --- | --- |
| 0.07634350% | 0.07990910% | 0.07974910% | 0.08022200% | 0.08022200% |
| $4,561,355 | $5,848,609 | $4,550,561 | $4,059,990 | $4,770,545 |
| $2,769,771 | $2,876,057 | $3,006,064 | $1,777,785 | $2,766,828 |
| 164.68% | 203.36% | 151.38% | 228.37% | 172.42% |
| 69.50% | 62.98% | 69.16% | 71.70% | 65.52% |
| | | | | |
| 0.06736389% | 0.06736727% | 0.06512550% | 0.06441837% | 0.06441837% |
| $16,002,436 | $22,549,856 | $17,998,783 | $15,668,777 | $18,664,544 |
| $7,448,571 | $7,101,543 | $7,047,821 | $7,180,014 | $7,754,969 |
| 214.84% | 317.53% | 255.38% | 218.23% | 240.68% |
| 75.30% | 66.80% | 72.10% | 74.71% | 69.30% |

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Required Supplementary Information*

*Schedule of the District's Proportionate Share of Net OPEB Liability (Asset)*

*Last Five Fiscal Years (1)*

| | 2020 | 2019 | 2018 |
|---|---|---|---|
| ***School Employees Retirement System of Ohio*** | | | |
| District's Proportion of the Net OPEB Liability | 0.08330000% | 0.08360260% | 0.08328880% |
| District's Proportionate Share of the Net OPEB Liability | $1,810,382 | $2,102,430 | $2,310,656 |
| District's Covered-Employee Payroll | $3,159,943 | $3,021,943 | $2,869,029 |
| District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll | 57.29% | 69.57% | 80.54% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 18.17% | 15.57% | 12.46% |
| ***State Teachers Retirement System of Ohio*** | | | |
| District's Proportion of the Net OPEB Liability | 0.07005153% | 0.06875283% | 0.06859155% |
| District's Proportionate Share of the Net OPEB Asset | $1,231,154 | $1,138,712 | $1,102,196 |
| District's Proportionate Share of the Net OPEB Liability | $0 | $0 | $0 |
| District's Covered-Employee Payroll | $9,214,886 | $7,995,029 | $7,959,429 |
| District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of it's Covered-Employee Payroll | 13.36% | 14.24% | 13.85% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 182.13% | 174.74% | 47.10% |

(1) Information prior to 2016 is not available.

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

See accompanying notes to the required supplementary information.

| 2017 | 2016 |
|---|---|
| 0.07709590% | 0.07709590% |
| $2,069,051 | $2,197,518 |
| $2,769,771 | $2,876,057 |
| 74.70% | 76.41% |
| 12.46% | 11.49% |
| 0.06736389% | 0.06736389% |
| $0 | $0 |
| $2,628,290 | $3,602,638 |
| $7,448,571 | $7,101,543 |
| 35.29% | 50.73% |
| 47.10% | 37.30% |

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Required Supplementary Information*

*Schedule of the District's Contributions*

*School Employees Retirement Systems of Ohio*

*Last Ten Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| ***Pension*** | | | | |
| Contractually Required Contributions | $462,960 | $442,392 | $407,962 | $387,319 |
| Contributions in Relation to the Contractually Required Contributions | (462,960) | (442,392) | (407,962) | (387,319) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 |
| District Covered-Employee Payroll | $3,306,857 | $3,159,943 | $3,021,943 | $2,869,029 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 14.00% | 13.50% | 13.50% |
| ***OPEB*** | | | | |
| Contractually Required Contributions (1) | $0 | $0 | $15,110 | $14,345 |
| Contributions in Relation to the Contractually Required Contributions | 0 | 0 | (15,110) | (14,345) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 |
| District Covered-Employee Payroll | $3,306,857 | $3,159,943 | $3,021,943 | $2,869,029 |
| Contributions as a Percentage of Covered-Employee Payroll | 0.00% | 0.00% | 0.50% | 0.50% |

(1) Excludes surcharge amounts.

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

See accompanying notes to the required supplementary information.

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $387,768 | $402,648 | $396,199 | $246,401 | $382,929 | $344,433 |
| (387,768) | (402,648) | (396,199) | (246,401) | (382,929) | (344,433) |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $2,769,771 | $2,876,057 | $3,006,064 | $1,777,785 | $2,766,828 | $2,560,840 |
| 14.00% | 14.00% | 13.18% | 13.86% | 13.84% | 13.45% |
| $0 | $0 | $24,650 | $2,489 | $4,427 | $14,085 |
| 0 | 0 | (24,650) | (2,489) | (4,427) | (14,085) |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $2,769,771 | $2,876,057 | $3,006,064 | $1,777,785 | $2,766,828 | $2,560,840 |
| 0.00% | 0.00% | 0.82% | 0.14% | 0.16% | 0.55% |

***BLOOM-CARROLL LOCAL SCHOOL DISTRICT***

*Required Supplementary Information*

*Schedule of the District's Contributions*

*State Teachers Retirement System of Ohio*

*Last Ten Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| ***Pension*** | | | | |
| Contractually Required Contributions | $1,227,396 | $1,290,084 | $1,119,304 | $1,114,320 |
| Contributions in Relation to the Contractually Required Contributions | (1,227,396) | (1,290,084) | (1,119,304) | (1,114,320) |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 |
| District Covered-Employee Payroll | $8,767,114 | $9,214,886 | $7,995,029 | $7,959,429 |
| Contributions as a Percentage of Covered-Employee Payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| ***OPEB*** | | | | |
| Contractually Required Contributions | $0 | $0 | $0 | $0 |
| Contributions in Relation to the Contractually Required Contributions | 0 | 0 | 0 | 0 |
| Contribution Deficiency (Excess) | $0 | $0 | $0 | $0 |
| District Covered-Employee Payroll | $8,767,114 | $9,214,886 | $7,995,029 | $7,959,429 |
| Contributions as a Percentage of Covered-Employee Payroll | 0.00% | 0.00% | 0.00% | 0.00% |

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

See accompanying notes to the required supplementary information.

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| $1,042,800 | $994,216 | $986,695 | $933,402 | $1,008,146 | $951,863 |
| (1,042,800) | (994,216) | (986,695) | (933,402) | (1,008,146) | (951,863) |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $7,448,571 | $7,101,543 | $7,047,821 | $7,180,014 | $7,754,969 | $7,322,023 |
| 14.00% | 14.00% | 14.00% | 13.00% | 13.00% | 13.00% |
| $0 | $0 | $0 | $71,906 | $77,550 | $73,220 |
| 0 | 0 | 0 | (71,906) | (77,550) | (73,220) |
| $0 | $0 | $0 | $0 | $0 | $0 |
| $7,448,571 | $7,101,543 | $7,047,821 | $7,180,014 | $7,754,969 | $7,322,023 |
| 0.00% | 0.00% | 0.00% | 1.00% | 1.00% | 1.00% |

## Note 1 - Net Pension Liability

### *Changes in Assumptions - SERS*

For fiscal years 2019-2021, there were no changes in assumptions.

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

### *Changes in Assumptions – STRS*

For fiscal years 2019-2021, there were no changes in assumptions.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

### *Changes in Benefit Terms - SERS*

For fiscal year 2021, there were no changes in benefit terms.

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

**Note 1 - Net Pension Liability (continued)**

***Changes in Benefit Terms - STRS***

For fiscal years 2019-2021, there were no changes in benefit terms.

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**Note 2 - Net OPEB Liability (Asset)**

***Changes in Assumptions – SERS***

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

| | |
|---|---|
| Fiscal year 2021 | 2.45 percent |
| Fiscal year 2020 | 3.13 percent |
| Fiscal year 2019 | 3.62 percent |
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|---|---|
| Fiscal year 2021 | 2.63 percent |
| Fiscal year 2020 | 3.22 percent |
| Fiscal year 2019 | 3.70 percent |
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

Pre-Medicare

| | |
|---|---|
| Fiscal year 2021 | 7.00 percent initially, decreasing to 4.75 percent |
| Fiscal year 2020 | 7.00 percent initially, decreasing to 4.75 percent |
| Fiscal year 2019 | 7.25 percent initially, decreasing to 4.75 percent |
| Fiscal year 2018 | 7.50 percent initially, decreasing to 4.00 percent |

Medicare

| | |
|---|---|
| Fiscal year 2021 | 5.25 percent initially, decreasing to 4.75 percent |
| Fiscal year 2020 | 5.25 percent initially, decreasing to 4.75 percent |
| Fiscal year 2019 | 5.375 percent initially, decreasing to 4.75 percent |
| Fiscal year 2018 | 5.50 percent initially, decreasing to 5.00 percent |

***Changes in Assumptions – STRS***

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2020, there were no changes in assumptions.

**Note 2 - Net OPEB Liability (Asset) (continued)**

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Benefit Terms – STRS***

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2021**

| **FEDERAL GRANTOR**<br>***Pass Through Grantor***<br>**Program / Cluster Title** | **Assistance Listing Number** | **Pass Through Entity Identifying Number** | **Total Federal Expenditures** |
|---|---|---|---|
| **U.S. DEPARTMENT OF AGRICULTURE** | | | |
| ***Passed Through Ohio Department of Education*** | | | |
| Child Nutrition Cluster | | | |
| Cash Assistance | | | |
| COVID-19 School Breakfast Program | 10.553 | | $2,081 |
| School Breakfast Program | 10.553 | N/A | 79,537 |
| COVID-19 National School Lunch Program | 10.555 | | 43,138 |
| National School Lunch Program | 10.555 | N/A | 500,220 |
| Non-Cash Assistance | | | |
| National School Lunch Program | 10.555 | N/A | 58,605 |
| Total Child Nutrition Cluster | | | 683,581 |
| Total U.S. Department of Agriculture | | | **683,581** |
| **U.S. DEPARTMENT OF TREASURY** | | | |
| ***Passed Through Ohio Department of Education*** | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | N/A | 286,932 |
| Total U.S. Department of Treasury | | | **286,932** |
| **U.S. DEPARTMENT OF EDUCATION** | | | |
| ***Passed Through Ohio Department of Education*** | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | 106,988 |
| Special Education Cluster | | | |
| Special Education - Grants to States | 84.027 | N/A | 430,867 |
| Special Education - Preschool Grants | 84.173 | N/A | 11,495 |
| Total Special Education Cluster | | | 442,362 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 36,306 |
| Student Support and Academic Enrichment Program | 84.424 | N/A | 10,035 |
| COVID-19 Education Stabilization Fund | 84.425D | N/A | 72,123 |
| Total U.S. Department of Education | | | **667,814** |
| **Total Expenditures of Federal Awards** | | | **$1,638,327** |

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

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

### NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Bloom-Carroll Local School District (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, changes in net position, or cash flows of the District**.**

### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### NOTE C – INDIRECT COST RATE

The 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.

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*

Bloom Carroll Local School District
Fairfield County
5240 Plum Road
Carroll, Ohio 43112

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bloom Carroll Local School District, Fairfield County, (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 February 23, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2021-001 to be a significant deficiency.

***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*.

**District*'s Response to Finding***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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

February 23, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Bloom Carroll Local School District
Fairfield County
5240 Plum Road
Carroll, Ohio 43112

To the Board of Education:

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

We have audited the Bloom Carroll 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 the Bloom Carroll Local School District's major federal program 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 program.

***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 program.

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the Bloom Carroll Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 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

February 23, 2022

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY**

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

## 1. SUMMARY OF AUDITOR'S RESULTS

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

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

### FINDING NUMBER 2021-001

**Financial Reporting – Significant Deficiency**

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

The District did not have the proper internal controls in place to help ensure the financial statements were free of misstatements. During Fiscal Year 2021, the following errors were noted and subsequently corrected on the financial statements:

- Cash and Cash Equivalents with Fiscal Agent was overstated by $535,650 on the Statement of Net Position for Governmental Activities and the Proprietary Fund.

- Claims Operating Expense was understated within the District's Proprietary Fund on the Statement of Revenues, Expenses, and Change in Fund Net Position as well as the Statement of Activities by $535,650.

- The Statement of Net Position understated Due in One Year and overstated Due in More than One year liabilities by $10,000, respectively.

- The Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual understated Refund of Prior Year Expenditures by $271,000.

- Final Estimated Receipts for Tuition and Fees presented on The Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual were understated by $133,000.

- Final Estimated Receipts for Customer Sales and Services and Miscellaneous receipts were overstated by $68,000 and $336,000, respectively.

- The Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual incorrectly classified actual Refund of Prior Year Expenses as Miscellaneous Receipts for $275,911.

Other misstatements, ranging from $35,358 to $113,739, were identified during the audit and have been brought to the District's attention. These errors were not adjusted on the financial statements. Additionally, errors and omissions in the footnotes were identified, brought to management's attention, and corrected in the final report.

## 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

### FINDING NUMBER 2021-001 (Continued)

The presentation of inaccurate financial information resulted in misstatements to the District's financial statements. Inaccurately presented financial statements can impact the decision-making of those charged with governance and the general public.

To help reduce errors and to increase the reliability of the financial data, we recommend the District review internal controls over the reporting compilation process and review the identified errors to help prevent similar errors from occurring in subsequent years.

**Officials' Response:** See the Corrective Action Plan.

## 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

THIS PAGE INTENTIONALLY LEFT BLANK

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**
5240 Plum Road NW, P.O. Box 338
Carroll, OH 43112
www.bloomcarroll.org


**Our Students • Their Futures • Our Focus**


SUPERINTENDENT
Shawn Haughn
614-837-6560
Fax: 740-756-4221

TREASURER
Travis Bigam
614-834-6707
Fax: 740-756-4221

BC HIGH SCHOOL (9-12)
Nathan Conrad, Principal
Jan Wisecarver, Jr.
Assistant Principal
740-756-4317 or
614-837-0786
Fax: 740-756-9525

BC MIDDLE SCHOOL (6-8)
Chad Young Principal
Scott Matchett, Asst. Principal
740-756-9231 or
614-837-6205
Fax: 740-756-7466

BC ELEMENTARY SCHOOL (K-5)
Vicky V. Pease, Principal (K-2)
Stephen Rozeski, Principal (3-5)
740-756-9701
Fax: 740-639-4232

ACTIVITIES/ATHLETICS
Chad Little, Director
740-756-9231 or
614-837-6205
Fax: 740-756-7466

STUDENT SERVICES
Jodi Ranegar, Curriculum &
Communications
Cynthia Freeman,
Special Ed. Director
Katie Wentz, School
Psychologist
614-837-6560 or
614-834-6729
Fax: 740-756-4221
Mark Thomas, Instructional
Technology
740-756-9798

DISTRICT REGISTRAR
Michelle Scott
614-834-6729
Fax: 740-756-4221

SUPPORT SERVICES
Carmen Spelman,
Transportation
Dennis Thompson,
Maintenance
614-834-6706 or 6709
Fax: 740-756-4085


## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
## 2 CFR 200.511(b)
## JUNE 30, 2021

| Finding Number | Finding Summary | Status | Additional Information |
|---|---|---|---|
| 2019-001<br>2020-001 | Financial Reporting – Adjustments to the financial statements | Repeated as finding 2021-001 | Reoccurrence was due to debits and credits being switched during conversion from cash to GAAP. Planned corrective action was prepared by the District on February 17, 2021 with implementation being immediately. |

THIS PAGE INTENTIONALLY LEFT BLANK

**BLOOM-CARROLL LOCAL SCHOOL DISTRICT**
5240 Plum Road NW, P.O. Box 338
Carroll, OH 43112
www.bloomcarroll.org
**Our Students • Their Futures • Our Focus**

SUPERINTENDENT
Shawn Haughn
614-837-6560
Fax: 740-756-4221

TREASURER
Travis Bigam
614-834-6707
Fax: 740-756-4221

BC HIGH SCHOOL (9-12)
Nathan Conrad, Principal
Jan Wisecarver, Jr.
Assistant Principal
740-756-4317 or
614-837-0786
Fax: 740-756-9525

BC MIDDLE SCHOOL (6-8)
Chad Young Principal
Scott Matchett, Asst. Principal
740-756-9231 or
614-837-6205
Fax: 740-756-7466

B-C ELEMENTARY SCHOOL (K-5)
Vicky V. Pease, Principal (K-2)
Stephen Rozeski, Principal (3-5)
740-756-9701
Fax: 740-639-4232

ACTIVITIES/ATHLETICS
Chad Little, Director
740-756-9231 or
614-837-6205
Fax: 740-756-7466

STUDENT SERVICES
Jodi Ranegar, Curriculum & Communications
Cynthia Freeman, Special Ed. Director
Katie Wentz, School Psychologist
614-837-6560 or
614-834-6729
Fax: 740-756-4221
Mark Thomas, Instructional Technology
740-756-9798

DISTRICT REGISTRAR
Michelle Scott
614-834-6729
Fax: 740-756-4221

SUPPORT SERVICES
Carmen Spelman, Transportation
Dennis Thompson, Maintenance
614-834-6706 or 6709
Fax: 740-756-4085

**CORRECTIVE ACTION PLAN**
**2 CFR § 200.511(c)**
**JUNE 30, 2021**

| | |
|---|---|
| **Finding Number:** | 2021-001 |
| **Planned Corrective Action:** | The District will evaluate the variances identified within the schedule of findings to help ensure they are corrected for years going forward. |
| **Anticipated Completion Date:** | 2/17/2022 |
| **Responsible Contact Person:** | Travis Bigam, Treasurer |

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE
**KEITH FABER**

**BLOOM CARROLL LOCAL SCHOOL DISTRICT**

**FAIRFIELD 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 3/17/2022**

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