



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY  
JUNE 30, 2021**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report .....	1
Prepared by Management:	
Management’s Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund - Budget (Non-GAAP Basis) and Actual .....	20
Notes to the Basic Financial Statements .....	21
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio .....	55
Schedule of the School District’s Proportionate Share of the Net Pension Liability –State Teachers Retirement System of Ohio .....	56
Schedule of the School District’s Pension Contribution – School Employees Retirement System of Ohio .....	57
Schedule of the School District’s Pension Contribution – State Teachers Retirement System of Ohio.....	58
Schedule of the School District’s Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio .....	59
Schedule of the School District’s Proportionate Share of the Net OPEB Liability/Asset – State Teachers Retirement System of Ohio .....	60

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY  
JUNE 30, 2021**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Schedule of the School District's OPEB Contribution – School Employees Retirement System of Ohio .....	61
Schedule of the School District's OPEB Contribution – State Teachers Retirement System of Ohio.....	62
Schedule of Expenditures of Federal Awards .....	63
Notes to the Schedule of Expenditures of Federal Awards.....	64
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	65
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.....	67
Schedule of Findings.....	69

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Bellbrook-Sugarcreek Local School District  
Greene County  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

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 Bellbrook-Sugarcreek Local School District, Greene County, Ohio (the District), as of and for the fiscal 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 Bellbrook-Sugarcreek Local School District, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

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

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The 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 May 31, 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

May 31, 2022

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# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021 (Unaudited)

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

### Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

*Overall:*

- Total net position increased from a deficit of \$23.7 million at the beginning of the year to a \$22.7 million deficit at the end of the year.
- Total assets of governmental activities increased by \$2.0 million due mainly to the \$3.5 million increase in pooled cash and cash equivalents reported at year-end being larger than the \$2.2 million decrease in capital assets reported. Capital assets decreased as depreciation expense exceeded additions for the current year. Pooled cash and cash equivalents increased as management made efforts to control operating expenditures, especially in the general fund.
- Total liabilities decreased slightly (\$493) over those reported one-year prior as increases in accrued wages and benefits as well as net pension liabilities were offset by decrease in long-term debt obligations and net OPEB obligations. Accrued wages increased based on wage increases and increasing benefits costs. Long-term obligations decreased due to scheduled debt service payments. Net pension and OPEB obligation activity vary from year to year based on information provided by the State-wide retirement systems.
- General revenues accounted for \$32.8 million or 89.1 percent of total revenue. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions account for 10.9 percent of total revenues of \$36.8 million.
- The general fund of the School District ended fiscal year 2021 with a fund balance of \$5.7 million, an increase of \$2.2 million when compared to that reported for the prior fiscal year.

### Using the Basic Financial Statements

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

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

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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## Reporting the School District as a Whole

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

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

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

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

## Reporting the School District's Most Significant Funds

### *Fund Financial Statements*

Fund financial statements provide detailed information about the General, Bond Retirement, and Permanent Improvement Funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other governmental funds.

### Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2021 compared to one year prior:

TABLE 1  
NET POSITION

	<u>2021</u>	<u>2020</u>
<i>Assets</i>		
Current and Other Assets	\$ 35,732,370	\$ 31,536,532
Capital Assets, Net	<u>35,140,129</u>	<u>37,352,383</u>
Total Assets	70,872,499	68,888,915
<i>Deferred Outflows of Resources:</i>		
Deferred Charge on Refunding Pension and OPEB	256,173	280,765
	<u>7,282,328</u>	<u>7,838,679</u>
Total Deferred Outflows of Resources	7,538,501	8,119,444
<i>Liabilities:</i>		
Current Liabilities	3,756,378	3,182,115
<i>Long-Term Liabilities:</i>		
Net OPEB Liabilities	2,288,433	2,765,589
Net Pension Liabilities	34,682,169	32,311,019
Other Long-Term Liabilities	<u>33,857,074</u>	<u>36,325,824</u>
Total Liabilities	74,584,054	74,584,547
<i>Deferred Inflows of Resources:</i>		
Property Taxes	21,838,851	20,819,662
Pension and OPEB	<u>4,735,038</u>	<u>5,285,600</u>
Total Deferred Inflows of Resources	26,573,889	26,105,262
<i>Net Position:</i>		
Net Investment in Capital Assets	3,667,532	3,527,592
Restricted	2,374,344	1,979,378
Unrestricted (Deficit)	<u>(28,788,819)</u>	<u>(29,188,420)</u>
Total Net Position	<u>\$ (22,746,943)</u>	<u>\$ (23,681,450)</u>

The net pension liability (NPL) is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and the net OPEB asset/liability is reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding the net pension and OPEB liabilities and the deferred inflows related to pension and OPEB to the reported net position amount and then subtracting the net OPEB asset and deferred outflows related to pension and OPEB from that amount.

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021 (Unaudited)

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

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

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

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

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

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

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021 (Unaudited)

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

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2021, the net position of the School District was a deficit of \$22.7 million due primarily to the recognition of the School District's proportionate share of the net pension and OPEB assets/liabilities. If the components of recording the net pension and OPEB assets/liabilities are removed from the Statement of Net Position, the School District's ending net position would be approximately a positive \$9.7 million. We feel this is important to mention as the management of the School District has no control over the management of the State-wide pension or OPEB plans or the benefits offered; both of which control the net pension and OPEB assets/liabilities amounts which have a significant effect on the School District's financial statements.

Net position invested in net capital assets reported at the end of fiscal year 2021 was 4.0 percent more than that reported one year prior. This increase resulted as the total capital related debt service during the fiscal year was more than the decrease in the value of the capital assets, net of accumulated depreciation. The portion subject to external restrictions upon its use (\$2.4 million) reported at June 30, 2021 increased 20.0 percent over that reported one year prior, as decreased capital expenses out of the permanent improvement fund resulted in a greater restricted balance for capital projects. The remaining deficit of net position of \$28.8 million is reported as unrestricted. As the effect of recognizing the net pension and OPEB assets/liabilities are closed through unrestricted net position, the increase in unrestricted net position deficit for the fiscal year was expected due to the changes reported by the State-wide retirement systems.

Total assets reported at June 30, 2021 increased by nearly \$2.0 million from those reported at the beginning of the year. Current and other assets increased by 13.3 percent as pooled cash and cash equivalents increased approximately \$3.5 million as management made efforts to control operating expenditures during the fiscal year, especially in the general fund. This increase was partially offset by the 5.9 percent decrease in net capital assets, where depreciation for the year (\$2.3 million) was significantly larger than capital asset additions (\$91,653).

Total liabilities remained virtually unchanged from the total reported at the beginning of the year, decreasing by less than 0.1 percent. Increases in accrued wages and benefits as well as net pension liabilities were offset by decreases in long-term debt obligations and net OPEB obligations. Accrued wages increased based on wage increases and increasing benefits costs. Long-term obligations decreased due to scheduled debt service payments. The pension and OPEB proportionate share, and related activity, recognized depends on multiple factors including current year activity, change in proportionate share of the School District, and amortization of prior years' deferred amounts by the retirement systems.

The changes in deferred outflows and inflows of resources are due to the overall changes net pension and OPEB asset and liabilities components reported by the State-wide pension systems during fiscal year 2021.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

TABLE 2  
CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>
<i>Revenues:</i>		
<i>Program Revenues:</i>		
Charges for Services & Sales	\$ 1,832,799	\$ 2,307,175
Operating Grants & Contributions	2,087,284	1,314,731
Capital Grants & Contributions	92,857	95,367
<i>General Revenues:</i>		
Property taxes	22,787,644	22,357,127
Grants & Entitlements	9,126,179	8,674,709
Other	<u>837,312</u>	<u>518,035</u>
Total Revenues	<u>36,764,075</u>	<u>35,267,144</u>
<i>Program Expenses:</i>		
Instruction	20,167,497	20,073,087
<i>Support Services:</i>		
Pupils and Instructional Staff	3,382,065	3,740,616
Board of Education, Administration, Fiscal and Business	3,397,368	3,246,388
Plant Operation and Maintenance	2,230,329	2,468,789
Pupil Transportation	1,649,729	1,787,799
Central	68,254	210,787
Operation of Non-Instructional Services	900,968	893,097
Extracurricular Activities	1,351,874	1,631,552
Unallocated Depreciation	1,786,660	1,786,660
Interest and Fiscal Charges	<u>894,824</u>	<u>1,114,594</u>
Total Expenses	<u>35,829,568</u>	<u>36,953,369</u>
<i>Change in Net Position</i>	934,507	(1,686,225)
<i>Beginning Net Position</i>	<u>(23,681,450)</u>	<u>(21,995,225)</u>
<i>Ending Net Position</i>	<u>\$ (22,746,943)</u>	<u>\$ (23,681,450)</u>

As shown in Table 2, \$32.8 million, or 89.1 percent, of the School District's total revenue is derived from general revenues, essentially property taxes and state entitlement programs. Overall, total revenue increased by \$1.5 million, or 4.2 percent, compared with fiscal year 2020 amounts. Charges for Services, program revenue decreased by \$474,376 compared with prior year amounts as food service sales and extracurricular activities revenue continued to suffer as a result of the COVID-19 pandemic. Funding provided to the School District to help offset the financial and operational conditions caused by the pandemic resulted in operating grants and contributions reported for the current year being 58.8 percent higher than those reported in the previous year. Property taxes increased by 1.9 percent over the prior year as real estate values and new construction of homes increased during the period. Unrestricted grants and entitlements increased 5.2 percent for fiscal year 2021 as the State reduced school funding in the previous year as an attempt to address budget concerns due to the COVID-19 pandemic and ensuing emergency measures implemented but returned to normal funding levels for the current year.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

Total expenses of the School District decreased by \$1.1 million (3.0 percent) compared to those reported for fiscal year 2020. The decrease reported for the current fiscal year occurred in virtually every function area reported, with the remaining functions increasing only slightly over the previous levels. During fiscal year 2021, management made significant efforts to control operating expenses, especially those funded by unrestricted resources. Fewer repair and maintenance projects were required during the year as significant resources have recently been invested in the School District's capital asset program. Finally, the additional expense recognized during the current fiscal year related to pension and OPEB plans was 9.4 percent lower than the amount recognized in the prior year for these same items. Net pension and OPEB obligation activity vary from year to year based on information provided by the State-wide retirement systems.

TABLE 3  
NET COST OF SERVICE

	<u>2021</u>	<u>2020</u>
Instruction	\$ 18,668,062	\$ 18,901,500
Support Services:		
Pupils and Instructional Staff	2,726,798	3,064,862
Board of Education, Administration, Fiscal and Business	3,397,368	3,245,898
Plant Operation and Maintenance	2,149,416	2,381,685
Pupil Transportation	1,578,769	1,736,019
Central	68,054	210,787
Operation of Non-Instructional Services	57,880	59,600
Extracurricular Activities	488,797	734,491
Unallocated Depreciation	1,786,660	1,786,660
Interest and Fiscal Charges	894,824	1,114,594
Total Net Cost of Service	<u>\$ 31,816,628</u>	<u>\$ 33,236,096</u>

Table 3 above shows the net cost of service reported for fiscal year 2021 compared with those reported for fiscal year 2020. Some of the School District's activities are financed through user charges, tuition and fees, and/or specific grants or contributions. These revenue sources are defined as program revenues, and the statement of activities shows these revenues in conjunction with the expenses of the School District to present the net cost of each function reported by the School District; that is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

In fiscal year 2021, 88.8 percent of the School District's expenses were financed through property taxes and state foundation revenues (general revenues) compared with the 89.9 percent reported for the prior year. In fiscal year 2021, the School District had program revenues totaling \$4.0 million, which was more than the amount reported for the prior fiscal year as additional operating grants and assistance was provided to all school districts to help offset the financial and operational impacts of the COVID-19 pandemic. Despite the increased operating funding provided, the level of costs covered by general revenue makes it apparent the School District continues to be extremely reliant on property taxes and unrestricted intergovernmental funding.

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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## **The School District's Funds**

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$36.8 million and expenditures of \$34.3 million. The net increase in total governmental fund balance of \$2.5 million resulted in an overall fund balance of \$8.1 million for the governmental funds; \$2.4 million of which is restricted for various purposes including debt service, capital improvements, and student activities programs.

The School District's general fund, the primary operating fund, ended fiscal year 2021 with an unassigned fund balance of \$5.2 million; an increase of nearly \$2.8 million from the unassigned fund balance reported one year prior. Overall, the revenues of the general fund were \$1.3 million more than those reported for the prior year due to increased level of state funding as well as additional premium rebates provided by the Ohio BWC's to assist entities during the pandemic. Total expenditures of the general fund decreased by \$1.0 million compared to the prior year as the School District closely monitored spending during the pandemic, especially those within the general fund. Unassigned fund balance at year end represents 18.5 percent of the fund's expenditures, compared to 8.3 percent one year ago.

The fund balance of the bond retirement fund increased slightly during the current fiscal year, ending the year with a \$1.4 million fund balance. Due to the nature of the bond levy, the revenues and expenditures of the bond retirement fund will not equal one another in any one particular year, however over the life of the bond issue, the tax receipts and debt service payments should approximate one another.

The permanent improvement fund ended the fiscal year with a fund balance of \$651,960; an increase of \$404,366 from the prior year ending fund balance. The School District undertook fewer repair and maintenance projects during the current year as significant resources have recently been invested in the School District's capital asset program.

## **General Fund Budgeting Highlights**

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

For the General Fund, budget basis actual revenue was \$30.6 million as compared to the original budget estimates of \$29.2 million. The School District did not change its revenue expectation during the year.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$27.9 million, which was \$2.1 million (6.9 percent) less than what was budgeted prior to the start of the fiscal year. The School District's budgeted expenditures did not vary from the beginning budget amounts during the year.

## **Debt Administration**

At June 30, 2021 the School District reported outstanding debt obligations of \$31.7 million, of which \$2.2 million is due within the next year. Total general obligation bonds, including unamortized premiums, account for \$28.8 million of the total debt obligations while energy conservation bonds and capital lease obligations accounted for \$775,000 and \$2.2 million of the total obligations, respectively. Fiscal year 2021 principal payments on debt obligations totaled just over \$2.0 million.



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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For more detailed disclosures regarding the School District's debt obligations the reader should refer to Notes 12 and 13 to the basic financial statements.

**Capital Assets**

At the end of fiscal year 2021, the School District had \$35.1 million invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles in governmental activities. Table 4 shows fiscal year 2021 balances compared to the 2020 balances. For additional detail on the School District's capital assets readers should review Note 9 to the basic financial statements.

TABLE 4  
CAPITAL ASSETS

	<u>2021</u>	<u>2020</u>
Land	\$ 3,432,055	\$ 3,432,055
Land Improvements	5,373,694	5,373,694
Buildings and Improvements	61,821,222	61,821,222
Furniture and Equipment	2,303,877	2,303,877
Vehicles	2,471,749	2,557,996
Less: Accumulated Depreciation	<u>(40,262,468)</u>	<u>(38,136,461)</u>
Total Capital Assets	<u>\$ 35,140,129</u>	<u>\$ 37,352,383</u>

Overall, net capital assets decreased by \$2.2 million compared to the fiscal year 2020 amount. The decrease in capital assets results from the amount of depreciation being charged for the fiscal year exceeding the amount of new capital assets reported the fiscal year. Depreciation expense reported for fiscal year 2021 was \$2.3 million with just \$91,653 of current year additions to capital assets.

Costs associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item, are included within the operation and maintenance of plant function.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer's Office at Bellbrook-Sugarcreek Local School District, 3757 Upper Bellbrook Road, Bellbrook, OH 45305 or call (937) 848-5001.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 10,361,267
Receivables:	
Accounts	90,978
Property and other taxes	23,186,129
Prepaid items	66,005
Net OPEB asset	2,027,991
Capital Assets:	
Non-depreciable	3,432,055
Depreciable, net of accumulated depreciation	31,708,074
Total Assets	70,872,499
Deferred Outflows of Resources:	
Deferred charge on refunding	256,173
Pension and OPEB	7,282,328
Total Deferred Outflows of Resources	7,538,501
Liabilities:	
Accounts payable	48,753
Accrued wages and benefits payable	2,936,912
Intergovernmental payable	506,328
Accrued interest payable	57,339
Matured compensated absences payable	149,569
Unearned revenue	57,477
Long Term Liabilities:	
Due within one year	2,450,678
Due in more than one year	
Net OPEB liability	2,288,433
Net pension liability	34,682,169
Other amounts due in more than one year	31,406,396
Total Liabilities	74,584,054
Deferred Inflows of Resources:	
Property taxes not levied to finance current fiscal year operations	21,838,851
Pension and OPEB	4,735,038
Total Deferred Inflows of Resources	26,573,889
Net Position:	
Net investment in capital assets	3,667,532
Restricted for:	
Debt service	1,399,074
Capital projects	617,697
Student activities	357,573
Unrestricted	(28,788,819)
Total Net Position	\$ (22,746,943)

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for services & sales	Operating grants and contributions	Capital grants and contributions	Total Governmental Activities
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$ 14,849,330	\$ 920,692	\$ 311,549	\$ -	\$ (13,617,089)
Special	5,300,552	-	267,194	-	(5,033,358)
Vocational	17,615	-	-	-	(17,615)
<b>Support Services:</b>					
Pupils	2,165,912	692	604,379	-	(1,560,841)
Instructional staff	1,216,153	-	50,196	-	(1,165,957)
Board of education	194,510	-	-	-	(194,510)
Administration	2,437,991	-	-	-	(2,437,991)
Fiscal	671,910	-	-	-	(671,910)
Business	92,957	-	-	-	(92,957)
Operation and maintenance of plant	2,230,329	65,872	15,041	-	(2,149,416)
Pupil transportation	1,649,729	46,873	24,087	-	(1,578,769)
Central	68,254	200	-	-	(68,054)
Operation of non-instructional services	900,968	72,928	770,160	-	(57,880)
Extracurricular activities	1,351,874	725,542	44,678	92,857	(488,797)
Interest and fiscal charges	894,824	-	-	-	(894,824)
Unallocated depreciation *	1,786,660	-	-	-	(1,786,660)
<b>Total Governmental Activities</b>	<u>\$ 35,829,568</u>	<u>\$ 1,832,799</u>	<u>\$ 2,087,284</u>	<u>\$ 92,857</u>	<u>(31,816,628)</u>

*General Revenues:*

Property taxes levied for:

General purposes	19,575,935
Debt service	2,450,059
Capital outlay	761,650
Payment in lieu of taxes	347,306
Grants and entitlements not restricted to Specific Programs	9,126,179
Investment earnings	2,841
Miscellaneous	487,165

Total General Revenues 32,751,135

Changes in net position 934,507

Net position at beginning of year (23,681,450)

Net position at end of year \$ (22,746,943)

\* - This amount excludes the depreciation that is included in the direct expense of the various functions.

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General Fund	Bond Retirement	Permanent Improvement	Non-major Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 8,112,579	\$ 1,271,003	\$ 607,628	\$ 370,057	\$ 10,361,267
<u>Receivables:</u>					
Taxes	19,907,531	2,497,241	781,357	-	23,186,129
Accounts	90,978	-	-	-	90,978
Prepaid items	66,005	-	-	-	66,005
Total Assets	<u>\$ 28,177,093</u>	<u>\$ 3,768,244</u>	<u>\$ 1,388,985</u>	<u>\$ 370,057</u>	<u>\$ 33,704,379</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances:</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 40,655	\$ -	\$ -	\$ 8,098	\$ 48,753
Accrued Interest Payable	-	-	-	-	-
Accrued wages and benefits payable	2,936,912	-	-	-	2,936,912
Intergovernmental payable	505,186	-	-	1,142	506,328
Matured Compensated Absences	149,569	-	-	-	149,569
Deferred Revenue	-	-	-	57,477	57,477
Total Liabilities	<u>3,632,322</u>	<u>-</u>	<u>-</u>	<u>66,717</u>	<u>3,699,039</u>
<u>Deferred Inflows of Resources:</u>					
Property taxes not levied to finance current fiscal year operations	18,754,473	2,349,714	734,664	-	21,838,851
Unavailable revenue	59,955	7,530	2,361	-	69,846
Total Deferred Inflows of Resources	<u>18,814,428</u>	<u>2,357,244</u>	<u>737,025</u>	<u>-</u>	<u>21,908,697</u>
<u>Fund Balances:</u>					
Nonspendable	66,005	-	-	-	66,005
Restricted	-	1,411,000	651,960	357,573	2,420,533
Assigned	449,206	-	-	-	449,206
Unassigned	5,215,132	-	-	(54,233)	5,160,899
Total Fund Balances	<u>5,730,343</u>	<u>1,411,000</u>	<u>651,960</u>	<u>303,340</u>	<u>8,096,643</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 28,177,093</u>	<u>\$ 3,768,244</u>	<u>\$ 1,388,985</u>	<u>\$ 370,057</u>	<u>\$ 33,704,379</u>

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

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

Total Governmental Fund Balances:		\$ 8,096,643
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		35,140,129
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable deferred inflows of resources in the balance sheet of governmental funds		
Delinquent property taxes	69,846	
Total	69,846	69,846
Long-term liabilities which are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(25,540,000)	
Energy conservation bonds	(775,000)	
Capital leases obligations	(2,175,000)	
Accrued interest payable	(57,339)	
Unamortized bond premium	(3,238,771)	
Deferred charge on refunding	256,173	
Compensated absences	(2,128,303)	
Total	(33,658,240)	(33,658,240)
The net pension liability, as well as the OPEB asset and liability, are not current resources; therefore, these assets, liabilities, and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB asset	2,027,991	
Deferred outflows - pension and OPEB	7,282,328	
Deferred inflows - pension and OPEB	(4,735,038)	
Net OPEB liability	(2,288,433)	
Net pension liability	(34,682,169)	
Total	(32,395,321)	(32,395,321)
Net Position of Governmental Activities		\$ (22,746,943)

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

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

	General Fund	Bond Retirement	Permanent Improvement	Non-major Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 19,609,415	\$ 2,454,430	\$ 763,015	\$ -	\$ 22,826,860
Payments in lieu of taxes	347,306	-	-	-	347,306
Intergovernmental	8,718,810	314,671	92,698	2,062,142	11,188,321
Student sales	733	-	-	73,022	73,755
Interest	2,840	-	-	1	2,841
Tuition and fees	955,047	-	-	132,969	1,088,016
Rentals	65,620	-	-	3,100	68,720
Gifts and donations	22,282	-	92,857	2,860	117,999
Extracurricular activities	52,677	-	-	375,557	428,234
Miscellaneous	664,426	-	-	2,226	666,652
<b>Total Revenues</b>	<b>30,439,156</b>	<b>2,769,101</b>	<b>948,570</b>	<b>2,651,877</b>	<b>36,808,704</b>
Expenditures:					
Current:					
Instruction:					
Regular	13,258,970	-	-	315,027	13,573,997
Special	4,874,633	-	-	263,716	5,138,349
Vocational	11,815	-	-	-	11,815
Support Services:					
Pupils	1,355,439	-	-	691,942	2,047,381
Instructional staff	1,023,789	-	119,043	50,197	1,193,029
Board of education	159,969	-	-	-	159,969
Administration	2,227,310	-	-	-	2,227,310
Fiscal	633,770	25,813	7,963	-	667,546
Business	87,364	-	-	-	87,364
Operation and maintenance of plant	2,250,645	-	-	15,041	2,265,686
Pupil transportation	1,441,767	-	67,556	24,087	1,533,410
Central	68,254	-	-	-	68,254
Operation of non-instructional services	3,386	-	-	890,389	893,775
Extracurricular activities	656,275	-	13,714	480,645	1,150,634
Capital Outlay	-	-	5,761	-	5,761
Debt Service:					
Principal retirement	185,000	1,605,000	224,000	-	2,014,000
Interest and fiscal charges	16,916	1,113,000	106,167	-	1,236,083
<b>Total Expenditures</b>	<b>28,255,302</b>	<b>2,743,813</b>	<b>544,204</b>	<b>2,731,044</b>	<b>34,274,363</b>
Excess of Revenues Over (Under) Expenditures	2,183,854	25,288	404,366	(79,167)	2,534,341
Other Financing Sources (Uses):					
Proceeds from sale of capital assets	13,377	-	-	-	13,377
Transfers in	-	-	-	40,000	40,000
Transfers out	(40,000)	-	-	-	(40,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(26,623)</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>13,377</b>
<b>Net Change in Fund Balance</b>	<b>2,157,231</b>	<b>25,288</b>	<b>404,366</b>	<b>(39,167)</b>	<b>2,547,718</b>
Fund Balance at beginning of year	3,573,112	1,385,712	247,594	342,507	5,548,925
<b>Fund Balance at end of year</b>	<b>\$ 5,730,343</b>	<b>\$ 1,411,000</b>	<b>\$ 651,960</b>	<b>\$ 303,340</b>	<b>\$ 8,096,643</b>

See accompanying notes to the basic financial statements.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

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

Net Change in Fund Balances - Total Governmental Funds \$ 2,547,718

*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. The following is a summary of the activity associated with capital assets.

Capital asset additions	91,653	
Current year depreciation	(2,303,907)	
Total	(2,212,254)	(2,212,254)

Long term receivables that do not provide current financial resources are not reported as revenues in the funds.

Delinquent property taxes		(39,216)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on general obligation bonds	1,605,000	
Principal payments on energy conservation bonds	185,000	
Principal payments on capital lease obligations	224,000	
Total	2,014,000	2,014,000

Some expenses reported in the statement of activities, such as compensated absences and various components of the issuance of debt, do not require the use of current financial resources and therefore are not reported as expenditures within the funds.

Compensated absences payable	91,965	
Accrued interest payable	3,066	
Amortization of bond premium	362,785	
Amortization of deferred charge on refunding	(24,592)	
Total	433,224	433,224

Contractually required contributions to pension and OPEB plans are reported as expenditures in governmental funds. However, the statement of activities reports these amounts as deferred outflows.

Pension employer contributions	2,308,263	
OPEB employer contributions	64,356	
Total	2,372,619	2,372,619

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are included within functional expenses in the statement of activities.

Pension expense	(4,288,633)	
OPEB expense - negative expense	107,049	
Total	(4,181,584)	(4,181,584)

Change in Net Position of Governmental Activities \$ 934,507

See accompanying notes to the basic financial statements. .

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Taxes	\$ 19,397,000	\$ 19,397,000	\$ 19,911,654	\$ 514,654
Intergovernmental	8,255,500	8,255,500	8,718,810	463,310
Interest	20,000	20,000	2,840	(17,160)
Tuition and fees	902,000	902,000	898,634	(3,366)
Payments in lieu of taxes	400,000	400,000	347,306	(52,694)
Rentals	95,000	95,000	65,620	(29,380)
Gifts and Donations	-	-	16,016	16,016
Student sales	500	500	200	(300)
Miscellaneous	150,000	150,000	628,154	478,154
Total Revenues	<u>29,220,000</u>	<u>29,220,000</u>	<u>30,589,234</u>	<u>1,369,234</u>
Expenditures:				
Current:				
Instruction:				
Regular	13,813,037	13,813,037	12,965,016	848,021
Special	5,263,519	5,263,519	4,803,135	460,384
Vocational	50,000	50,000	11,815	38,185
Support Services:				
Pupils	1,523,541	1,523,541	1,338,650	184,891
Instructional staff	1,185,560	1,185,560	1,046,162	139,398
Board of education	124,000	124,000	176,034	(52,034)
Administration	2,268,684	2,268,684	2,198,823	69,861
Fiscal	640,655	640,655	671,351	(30,696)
Business	90,166	90,166	86,704	3,462
Operation and maintenance of plant	2,545,352	2,545,352	2,285,384	259,968
Pupil transportation	1,586,647	1,586,647	1,442,274	144,373
Central	180,000	180,000	98,528	81,472
Operation of non-instructional services	3,200	3,200	3,385	(185)
Extracurricular activities	508,000	508,000	591,438	(83,438)
Capital outlay	201,916	201,916	201,807	109
Total Expenditures	<u>29,984,277</u>	<u>29,984,277</u>	<u>27,920,506</u>	<u>2,063,771</u>
Excess of Revenues Under (Under) Expenditures	<u>(764,277)</u>	<u>(764,277)</u>	<u>2,668,728</u>	<u>3,433,005</u>
Other Financing Sources (Uses):				
Advances-in	-	-	169,065	169,065
Refund of prior year expenditures	-	-	53,601	53,601
Proceeds from sale of assets	-	-	13,377	13,377
Advances-out	(250,000)	(250,000)	(169,065)	80,935
Transfers-out	-	-	(40,000)	(40,000)
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>26,978</u>	<u>276,978</u>
Net Change in Fund Balance	(1,014,277)	(1,014,277)	2,695,706	3,709,983
Fund Balance at Beginning of Year	4,741,154	4,741,154	4,741,154	-
Prior Year Encumbrances Appropriated	178,121	178,121	178,121	-
Fund Balance at End of Year	<u>\$ 3,904,998</u>	<u>\$ 3,904,998</u>	<u>\$ 7,614,981</u>	<u>\$ 3,709,983</u>

See accompanying notes to the basic financial statements.



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

Bellbrook-Sugarcreek Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The first official body designated as the Bellbrook-Sugarcreek Local School District was formed sometime prior to 1930.

The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the District's instructional/support facilities staffed by a full-time equivalent staff of 255 FTE employees who provide services to 2,796 students and other community members.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading.

The primary government consists of all funds and departments, not legally separate from the School District, which provide various services including instruction, student guidance, extracurricular activities, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing body and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations for which the School District approves the budget, the issuance of debt or the levying of taxes. Based on that criteria, the School District does not have any component units.

The District is associated with four organizations, which are defined as jointly governed. These organizations include the Miami Valley Educational Computer Association, the Southwestern Ohio Educational Purchasing Cooperative, the Greene County Career Center, and the Bellbrook/Sugarcreek Education Foundation. These organizations are presented in Note 15 to the basic financial statements.

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

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

# BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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## ***A. Basis of Presentation***

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

### Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds, if any.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and 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 not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services from one fund or function to another where the elimination of these payments would distort the direct costs and program revenues reported for the various functions concerned.

### Fund Financial Statements

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

## ***B. Fund Accounting***

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

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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### Governmental Funds

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 of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major funds:

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

Bond Retirement Fund – The Bond Retirement Fund is used to account for the accumulation of resources for, and the repayment of, the School District's general obligation debt, including the general obligations bonds approved by voters within the School District's boundaries.

Permanent Improvement Fund – The Permanent Improvement Fund is used to account for financial resources, specifically property and other local taxes generated by the District's permanent improvement levy, to be used to maintain the School District's facilities, as well as provide for major equipment and instructional material purchases.

The other governmental funds of the School District account for grants and other resources, and capital projects of the School District whose uses are restricted to a particular purpose.

### ***C. Measurement Focus***

#### Government-wide Financial Statements

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

#### Fund Financial Statements

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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***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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue and in the presentation of expenses versus expenditures.

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 collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed to be both measurable and available: property taxes available as an advance, tuition, student fees, and certain intergovernmental reimbursements.

The measurement focus of the accrual basis of accounting utilized on the government-wide financial statements recognizes revenues when they are earned, and expenses are recognized at the time they are incurred.

In governmental fund accounting the measurement focus is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the related liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the bond retirement fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by the employee. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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***E. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. 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 plans are explained further in Notes 10 and 11.

In addition to liabilities, the statement of net financial 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 until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance the subsequent fiscal year operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. 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 10 and 11).

***F. Budget Data***

With the exception of the custodial funds, all funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount 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 Board has established the legal level of control at the fund level.

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

The appropriation resolution is subject to amendment by the Board throughout the school 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.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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***G. Cash, Cash Equivalents, and Investments***

The School District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund's portion of this pool is displayed in the financial statements as equity in pooled cash and cash equivalents. The monies are either maintained in a central bank account or used to purchase legal investments.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The Ohio Revised Code authorizes the School District to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker's acceptances; commercial paper notes rated prime and issued by United States Corporations; and STAROhio.

The School District has allocated interest according to Ohio statutes. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$2,840 which includes the General Fund's allocation as well as the \$664 of interest earned by all funds not specified in the Board's resolution.

***H. Estimates***

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

***I. Capital Assets and Depreciation***

General capital assets generally result from expenditures in the governmental funds. These assets are reported within the governmental activities on the government-wide statement of net position but are not reported in the fund statements.

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

All reported capital assets except for 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.

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8-13 years

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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***J. Interfund Activity***

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 fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources and uses in governmental funds. Transfers within governmental activities are eliminated on the statement of activities. Reimbursements from one fund to another for particular expenditure(s) are not presented on the financial statements.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued using the vesting method which states that the School District will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated sick leave for all employees after ten years of current service with the School District.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that has matured (i.e. payable for payment during the current year for employees who have applied for severance payment during the fiscal year, but have not received payment at year-end). These amounts are recorded in the account "matured compensated absences" in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported in the governmental fund statements.

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

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

***N. Net Position***

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. At June 30, 2021 the School District did not have any portion of net position restricted by enabling legislation.

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

***O. Fund Balance***

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District’s governing board.



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

**NOTE 3 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Nonspendable					
Prepaid Items	\$ 66,005	\$ -	\$ -	\$ -	\$ 66,005
Restricted					
Debt Service	-	1,411,000	-	-	1,411,000
Capital Improvements	-	-	651,960	-	651,960
Student Activities	-	-	-	357,573	357,573
Total Restricted	<u>-</u>	<u>1,411,000</u>	<u>651,960</u>	<u>357,573</u>	<u>2,420,533</u>
Assigned					
School Activities	171,643	-	-	-	171,643
Subsequent Appropriations	277,563	-	-	-	277,563
Total Assigned	<u>449,206</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>449,206</u>
Unassigned	<u>5,215,132</u>	<u>-</u>	<u>-</u>	<u>(54,233)</u>	<u>5,160,899</u>
Total Fund Balances	<u>\$ 5,730,343</u>	<u>\$ 1,411,000</u>	<u>\$ 651,960</u>	<u>\$ 303,340</u>	<u>\$ 8,096,643</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
  3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).
  4. Some Other Financing Sources and Uses are reported on the budgetary basis based on required chart of accounts but do not meet the criteria to be reported within that section on a GAAP basis.
  5. For GAAP reporting purposes, certain funds which are budgeted separately from the general fund, are reported as part of the general fund on the GAAP basis.

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

<u>Net Change in Fund Balance</u> <u>General Fund</u>	
GAAP Basis	\$ 2,157,231
Revenue Accruals	261,778
Expenditure Accruals	585,913
Encumbrances	(321,904)
Other Financing Sources	53,601
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>(40,913)</u>
Budget Basis	<u>\$ 2,695,706</u>

**NOTE 5 – CASH AND CASH EQUIVALENTS**

State statutes require the classification of monies held by the School District into three categories.

Active Monies – Those monies required to be kept in “cash” or “near-cash” accounts for the immediate use of the District. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificates of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested in legal securities.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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Deposits

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. The School District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

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

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

At year end, the carrying amount of the School District's deposits was \$10,361,267 and the bank balance was \$10,843,018. Of the bank balance, \$3,450,646 was covered by federal depository insurance and the remaining \$7,392,372 was not exposed to custodial risk because it was secured by collateral pools of U.S. government and municipal securities established by each respective financial institution for the purpose of pledging a pool of collateral against all public deposits held, as permitted by Ohio law described above.

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2021 consisted of current and delinquent property taxes as well as accounts (student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received during 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 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 alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

	<u>2021 First Half Collections</u>	<u>2020 Second Half Collections</u>
Agricultural/residential		
And other real estate	\$ 636,480,940	\$ 562,232,110
Public utility personal	<u>20,726,130</u>	<u>20,620,460</u>
Total	<u>\$ 657,207,070</u>	<u>\$ 582,852,570</u>

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

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

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, it is reported as deferred inflows of resources – unavailable revenue.

**NOTE 8 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021 the School District contracted with Gallagher Inc. for building and business property insurance. This policy has a limit of insurance in the amount of \$250 million for property and a \$3,500 deductible, with excess coverage up to \$350 million. Boiler and Crime are included in the policy. Fleet insurance has a \$1 million limit of liability. General liability insurance is under Brit Global Specialty USA and has a \$1 million per occurrence and \$10 million aggregate limitation. School board legal liability and employment practices liability is provided by QBE Specialty Insurance Company which have \$1 million limit for each loss as well as an aggregate which has a \$10,000 deductible. The Treasurer is bonded separately. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year.

The District is a member of the Southwestern Ohio Educational Purchasing Cooperative (EPC). The cooperative contracts with Hunter, Inc. to provide administrative and TPA services for the EPC sponsored workers compensation group rating pool. The intent of the pool is to achieve the benefit of a reduced premium for the School District by pooling its claim experience with other districts with similar loss ratios. 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 pool. Each participant pays its workers compensation premium to the State based on the rate for the pool 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 pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement ensures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Hunter, Inc. provides administrative, cost control and actuarial services to the EPC.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The School District has elected to provide employee medical benefits through Anthem PPO. The board picks up eighty percent of the monthly premium for all employees. Classified employees working less than seven hours a day, and certified employees working less than seven and a half hours a day, pay a prorated share of the monthly premium based on the number of hours worked. Dental benefits are provided through Delta Dental with the Board picking-up the total cost for employees that work seven hours a day or more. The School District provides life insurance to employees through UNUM.

**NOTE 9 – CAPITAL ASSETS**

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 3,432,055	\$ -	\$ -	\$ 3,432,055
<i><u>Capital Assets, being depreciated</u></i>				
Land Improvements	5,373,694	-	-	5,373,694
Buildings and Improvements	61,821,222	-	-	61,821,222
Furniture and Equipment	2,303,877	-	-	2,303,877
Vehicles	2,557,996	91,653	(177,900)	2,471,749
	<u>72,056,789</u>	<u>91,653</u>	<u>(177,900)</u>	<u>71,970,542</u>
<i><u>Less: Accumulated Depreciation</u></i>				
Land Improvements	(3,534,935)	(201,319)	-	(3,736,254)
Buildings and Improvements	(30,971,734)	(1,794,843)	-	(32,766,577)
Furniture and Equipment	(1,462,431)	(190,693)	-	(1,653,124)
Vehicles	(2,167,360)	(117,052)	177,900	(2,106,512)
	<u>(38,136,460)</u>	<u>(2,303,907) *</u>	<u>177,900</u>	<u>(40,262,467)</u>
<b>Depreciable Capital Assets, Net</b>	<u>33,920,329</u>	<u>(2,212,254)</u>	<u>-</u>	<u>31,708,075</u>
<b>Total Capital Assets, Net</b>	<u>\$37,352,384</u>	<u>\$(2,212,254)</u>	<u>\$ -</u>	<u>\$35,140,130</u>

\* - Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 101,436
Vocational	5,800
Support Services:	
Pupils	4,151
Instructional staff	18,790
Board of Education	34,540
Administration	19,675
Operation and maintenance of plant	48,673
Pupil transportation	141,623
Operation of non-instructional services	4,401
Extracurricular activities	138,158
Unallocated depreciation	1,786,660
<b>Total Depreciation Expense</b>	<u>\$ 2,303,907</u>

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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Unallocated depreciation is depreciation of the individual school buildings throughout the School District which essentially serve all functions/programs, and therefore is not included as a direct expense of any function or program but disclosed as a separate expense.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

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

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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 service credit	Age 67 with 10 years of service credit; or age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or age 60 with 25 years of service credit

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

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

Prior to January 1, 2018, on the anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased 3% of the base benefit. On and after January 1, 2018, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W, measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLAs were suspended for calendar years 2018, 2019 and 2020. On and after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The School District’s contractually required contribution to SERS was \$493,860 for fiscal year 2021. Of this amount, \$89,524 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](http://www.strsoh.org).

## BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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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. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 30 years of service regardless of age. Increases in age and service requirements increase effective August 1, 2015 and will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14%-member rate goes to the DC Plan and 2% goes 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 services. 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 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately \$1,814,403 for fiscal year 2021. Of this amount, \$338,080 is reported as an intergovernmental payable.



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 6,761,704	\$ 27,920,465	\$ 34,682,169
Proportion of the net pension liability	0.102230%	0.115391%	
Change in proportionate share	-0.005498%	-0.001571%	
Pension expense	\$ 572,899	\$ 3,715,734	\$ 4,288,633

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 13,134	\$ 62,646	\$ 75,780
Net difference between projected and actual earnings on pension plan investments	429,231	1,357,775	1,787,006
Change in assumptions	-	1,498,790	1,498,790
Change in School District's proportionate share and difference in employer contributions	-	559,425	559,425
School District contributions subsequent to the measurement date	<u>493,860</u>	<u>1,814,403</u>	<u>2,308,263</u>
Total	<u>\$ 936,225</u>	<u>\$ 5,293,039</u>	<u>\$ 6,229,264</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 178,531	\$ 178,531
Change in School District's proportionate share and difference in employer contributions	<u>286,679</u>	<u>487,438</u>	<u>774,117</u>
Total	<u>\$ 286,679</u>	<u>\$ 665,969</u>	<u>\$ 952,648</u>

\$2,308,263 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (213,137)	\$ 1,078,522	\$ 865,385
2023	55,524	555,165	610,689
2024	178,913	626,852	805,765
2025	<u>134,386</u>	<u>552,128</u>	<u>686,514</u>
	<u>\$ 155,686</u>	<u>\$ 2,812,667</u>	<u>\$ 2,968,353</u>

***Actuarial Assumptions – SERS***

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

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	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	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$ 9,262,709	\$ 6,761,704	\$ 4,663,313

**Changes in Actuarial Assumptions between Measurement Date and Fiscal Year End** - Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
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
Cost-of-living adjustments (COLA)	0.00 percent

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 39,753,882	\$ 27,920,465	\$ 17,892,631

***Changes in Actuarial Assumptions between Measurement Date and Fiscal Year End*** - The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

**NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS**

***Net OPEB Liability (Asset)***

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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***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 Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

*Funding Policy*—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, the minimum compensation amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$64,356.

***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 partial premium reimbursements will be continued indefinitely. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

currently 14% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB asset	\$ -	\$ 2,027,991	\$ 2,027,991
Proportionate share of the net OPEB liability	2,288,433	-	2,288,433
Proportion of the net OPEB asset/liability	0.105296%	0.115391%	
Change in proportionate share	-0.004677%	-0.001571%	
OPEB (negative) expense	\$ (31,291)	\$ (75,758)	\$ (107,049)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 30,056	\$ 129,943	\$ 159,999
Net difference between projected and actual earnings on OPEB plan investments	25,785	71,072	96,857
Change in assumptions	390,098	33,477	423,575
Difference between employer contributions and proportionate share of contributions	126,632	181,645	308,277
School District contributions subsequent to the measurement date	<u>64,356</u>	<u>-</u>	<u>64,356</u>
Total	<u>\$ 636,927</u>	<u>\$ 416,137</u>	<u>\$ 1,053,064</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 1,163,831	\$ 403,946	\$ 1,567,777
Change in assumptions	57,639	1,926,252	1,983,891
Difference between employer contributions and proportionate share of contributions	<u>218,889</u>	<u>11,833</u>	<u>230,722</u>
Total	<u>\$ 1,440,359</u>	<u>\$ 2,342,031</u>	<u>\$ 3,782,390</u>

\$64,356 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (163,438)	\$ (478,864)	\$ (642,302)
2023	(161,572)	(430,756)	(592,328)
2024	(161,875)	(413,879)	(575,754)
2025	(181,309)	(409,241)	(590,550)
2026	(148,402)	(94,791)	(243,193)
2027	<u>(51,192)</u>	<u>(98,363)</u>	<u>(149,555)</u>
	<u>\$ (867,788)</u>	<u>\$ (1,925,894)</u>	<u>\$ (2,793,682)</u>

***Actuarial Assumptions – SERS***

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

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

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

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

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



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

The target 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 in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	1.85%
US 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	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.50% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2034 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45% as of June 30, 2020 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates*** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 2.63%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63%) and one percentage point higher (3.63%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 2,800,986	\$ 2,288,433	\$ 1,880,955

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

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 1,801,967	\$ 2,288,433	\$ 2,938,964

***Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End*** - Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

***Actuarial Assumptions - STRS***

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	-6.69%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

Since the prior measurement date, claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$ 1,764,484	\$ 2,027,991	\$ 2,251,567
	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
School District's proportionate share of the net OPEB asset	\$ 2,237,689	\$ 2,027,991	\$ 1,772,548

**NOTE 12 - LONG-TERM OBLIGATIONS**

Activity of the School District's long-term obligations at June 30, 2021 was as follows:

	Balance 6/30/2020	Increases	Decrease	Balance 6/30/2021	Due within One Year
General Obligation Bonds:					
2016 Refunding Bonds:					
Current Interest 2.0%-5.0%	\$ 27,145,000	\$ -	\$ (1,605,000)	\$ 25,540,000	\$ 1,750,000
Unamortized Bond Premium	3,601,556	-	(362,785)	3,238,771	-
Total General Obligation Bonds	30,746,556	-	(1,967,785)	28,778,771	1,750,000
2015 Energy Conservation Bonds:					
Current Interest 1.95%	960,000	-	(185,000)	775,000	190,000
Capital Lease Obligation	2,399,000	-	(224,000)	2,175,000	234,000
Compensated Absences	2,220,268	196,668	(288,633)	2,128,303	276,678
Net Pension Liability:					
SERS	6,445,564	-	316,140	6,761,704	-
STRS	25,865,455	-	2,055,010	27,920,465	-
Net OPEB Liability:					
SERS	2,765,589	-	(477,156)	2,288,433	-
Total Long-Term Obligations	<u>\$ 71,402,432</u>	<u>\$ 196,668</u>	<u>\$ (771,424)</u>	<u>\$ 70,827,676</u>	<u>\$ 2,450,678</u>

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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General Obligation Bonds

The School District’s general obligation bond issues will be paid through the bond retirement fund from property taxes collected by the County Auditor. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. All General obligation bonds outstanding were issued for the construction of school facilities or to advance refund previously issued school construction bonds. The School District issued general obligation debt for the following purposes:

- In September 2016, the School District issued \$27,985,000 of general obligation bonds to finance the advance refunding of \$31,845,000 of 2006 general obligation refunding bonds at the call date of December 1, 2016. This refunding was undertaken to reduce total debt service by \$6,936,396 over the next sixteen years and resulted in an economic gain of \$5,683,092. The 2016 current interest bonds will fully mature on December 1, 2031 and carry an interest rate of 2.0% to 5.0%.
- In January 2015, the School District issued \$1,830,000 of energy conservation improvement bonds to finance various energy conservation projects within the District’s facilities. These bonds fully mature on December 1, 2024 and carry an interest rate of 1.95 percent.

Principal and interest requirements to retire the District’s long-term general obligation bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	General Obligation Bonds		Energy Conservation Bonds		Total Bonds
	Principal	Interest	Principal	Interest	
2022	1,750,000	1,045,900	190,000	13,260	\$ 2,999,160
2023	1,820,000	974,500	190,000	9,555	2,994,055
2024	1,890,000	890,850	195,000	5,801	2,981,651
2025	2,065,000	791,975	200,000	1,950	3,058,925
2026	2,170,000	686,100	-	-	2,856,100
2027-2031	12,860,000	1,910,825	-	-	14,770,825
2032	2,985,000	59,700	-	-	3,044,700
Total	<u>\$25,540,000</u>	<u>\$ 6,359,850</u>	<u>\$ 775,000</u>	<u>\$ 30,566</u>	<u>\$32,705,416</u>

Debt Limitations

The School District’s voted legal debt margin, as determined under Ohio Revised Code Section was approximately \$34.9 million, energy conservation debt margin was \$5.1 million, and the unvoted debt margin was \$657,207 at June 30, 2021.

Other Long-Term Obligations

The School District pays obligations related to employee compensation (compensated absences and required pension/OPEB contributions) from the fund benefitting from their service. If there are no available resources within those funds, the obligations will be paid by the general fund. The capital lease obligations are being repaid with revenues from the permanent improvement capital project fund.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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**NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, the School District entered into capital leases to finance the local initiatives related to the school construction and renovation project, renovations of the athletic stadium, as well as the construction of a bus maintenance facility. These leases meet the criteria of a capital lease as the benefits and risks of ownership have transferred to the lessee. Capital lease payments will be reflected as debt service expenditures in the basic financial statements for the governmental funds.

The capital assets acquired by lease agreements have been capitalized in the statement of net position for governmental activities in the amount of \$5,094,639 (\$1,758,180 of buildings and improvements and \$3,336,459 of land improvements), which is equal to the present value of the minimum lease payments at the time of acquisition. The corresponding liability is split between long-term liabilities due within a year and long-term liabilities due within more than one year on the statement of net position for governmental activities. Principal payments in fiscal year 2021 totaled \$224,000.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021.

Fiscal Year Ending June 30,	
2022	\$ 329,849
2023	328,105
2024	326,908
2025	236,983
2026	235,410
2027-2031	756,652
2032-2036	477,668
2037	<u>96,119</u>
Total Minimum Lease Payments	2,787,694
Less: Amount Representing Interest	<u>(612,694)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,175,000</u>

**NOTE 14 – OTHER EMPLOYEE BENEFITS**

***Compensated Absences***

Accumulated Unpaid Vacation

School District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the District as a whole amounted to \$101,441 at June 30, 2021.

Accumulated Unpaid Sick Leave

School District employees may accumulate sick leave. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum of eighty-five (85) days for certified and classified employees. The total obligation for sick leave accrual for the District as a whole at June 30, 2021 was \$2,176,431.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

*Miami Valley Educational Computer Association*

The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery, and Ross Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia, Fairborn, Beavercreek and Hillsboro. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$14,038 for services provided during the year. Financial information can be obtained from Thor Sage, who serves as Director, at 880 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

*Southwestern Ohio Educational Purchasing Cooperative*

The School District is a member of the Southwestern Ohio Educational Purchasing Cooperative (SWOEP). The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools within geographical boundaries as defined by the SWOEP and to serve as a resource to member districts on matters related to business operations. The SWOEP elects one of its members as Chairperson and another as Vice-Chairperson. An Executive Committee is comprised of eleven members who include the Chairperson and Vice-Chairperson and a representative from the Fiscal Agent. Each new member pays an initiation fee in addition to the annual membership fee and other appropriate assessments.

*Bellbrook/Sugarcreek Education Foundation*

The Bellbrook/Sugarcreek Education Foundation is a community-based, unincorporated, non-profit organization established for the exclusive purposes of promoting the quality of schools and educational programs in the Bellbrook-Sugarcreek Local School District and funding college scholarships for graduates of the Bellbrook-Sugarcreek Local School District. A twelve member Board of Trustees governs the Foundation, consisting of a member of the School Board, a teacher, and ten community members. The Superintendent, Treasurer, and Business Manager of the School District serve as ex-officio (non-voting) members. The Greene County Community Foundation maintains all assets of the Foundation in trust and the Board of Trustees must approve any disbursement of funds.

*Greene County Career Center*

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 West Enon Road, Xenia, Ohio 45385-9545.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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**NOTE 16 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside monies for capital improvements. Amounts not spent by year-end or reduced by offsetting credits must be held in cash at year-end and carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2020	\$ -
Current year set-aside requirement	488,326
Current year offsets	(867,460)
Qualifying Disbursements	<u>(470,961)</u>
Total	<u>\$ (850,095)</u>
Balance Carried Forward to FY 2022	<u>\$ -</u>
Set-aside balance as of June 30, 2021	<u>\$ -</u>

The School District had qualifying disbursements during the year that reduced the set-aside below zero for the capital improvement set-aside.

**NOTE 17 – COMMITMENTS/ENCUMBRANCES**

At year end the School District had the following amounts encumbered for future purchase obligations:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 324,613
Non-major Governmental Funds	<u>42,243</u>
	<u>\$ 366,856</u>

**NOTE 18 – CONTINGENCIES**

Grants

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



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

Greene County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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Full-Time Equivalency Review

The School District 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 end of the fiscal year. The results of the final enrollment reconciliation process for fiscal year 2021 reported by ODE resulted in no significant adjustments were necessary to the State funding received by the School District.

Litigation

The School District is not currently party to any litigation which management deems significant to its financial position.

**NOTE 19 – ACCOUNTABILITY**

At June 30, 2021, the Food Service Fund, a non-major special revenue fund, reported a fund deficit of \$54,233 as a result of accrued liabilities. The General Fund is liable for this deficit, but only provides transfers when cash is required, not when accruals occur.

**NOTE 20 – COVID-19 PANDEMIC**

The United States and the State of Ohio declared as state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 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 1, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2021, the School District received \$163,234 through the Elementary and Secondary School Emergency Relief Program, \$135,917 through CRF-Suburban SD, and \$3,000 through BroadbandOhio Connectivity.

**NOTE 21 – SUBSEQUENT EVENT**

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, 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 \$372,125 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST EIGHT FISCAL YEARS (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.107188%	\$ 6,374,126	\$ 3,032,782	210.17%	65.52%
2015	0.107188%	5,424,724	3,146,133	172.43%	71.70%
2016	0.105619%	6,026,728	3,377,511	178.44%	69.16%
2017	0.106521%	7,796,363	3,308,150	235.67%	62.98%
2018	0.107252%	6,408,072	3,482,450	184.01%	69.50%
2019	0.115536%	6,616,936	3,683,215	179.65%	71.36%
2020	0.107728%	6,445,564	3,695,689	174.41%	70.85%
2021	0.102230%	6,761,704	3,583,957	188.67%	68.55%

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

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

**Notes to Schedule:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

*Changes of benefit and funding terms.* In measurement year 2018, post-retirement increases in benefits included the following changes:

1. Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3% of their base benefit on the anniversary of their initial date of retirement.
2. Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019, and 2020.
3. Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST EIGHT FISCAL YEARS (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.106633%	\$ 30,895,818	10,671,685	289.51%	69.30%
2015	0.106633%	25,936,860	11,733,031	221.06%	74.70%
2016	0.109520%	30,268,053	11,426,550	264.89%	72.10%
2017	0.111297%	37,254,411	11,710,571	318.13%	66.80%
2018	0.112055%	26,618,920	12,319,079	216.08%	75.30%
2019	0.118970%	26,158,738	13,524,836	193.41%	77.30%
2020	0.116962%	25,865,455	13,731,800	188.36%	77.40%
2021	0.115391%	27,920,465	13,925,864	200.49%	75.48%

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

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

**Notes to Schedule:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0/25% due to lower inflation. The 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.

*Change in benefit terms.* Effective July 1, 2017, the COLA was reduced to zero.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PENSION CONTRIBUTION  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST TEN FISCAL YEARS

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2012	\$ 391,728	\$ (391,728)	\$ -	\$ 2,912,476	13.45%
2013	419,737	(419,737)	-	3,032,782	13.84%
2014	436,054	(436,054)	-	3,146,133	13.86%
2015	445,156	(445,156)	-	3,377,511	13.18%
2016	463,141	(463,141)	-	3,308,150	14.00%
2017	487,543	(487,543)	-	3,482,450	14.00%
2018	497,234	(497,234)	-	3,683,215	13.50%
2019	498,918	(498,918)	-	3,695,689	13.50%
2020	501,754	(501,754)	-	3,583,957	14.00%
2021	493,860	(493,860)	-	3,527,571	14.00%

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PENSION CONTRIBUTION  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST TEN FISCAL YEARS

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2012	\$ 1,434,642	\$ (1,434,642)	\$ -	\$ 11,035,708	13.00%
2013	1,387,319	(1,387,319)	-	10,671,685	13.00%
2014	1,525,294	(1,525,294)	-	11,733,031	13.00%
2015	1,599,717	(1,599,717)	-	11,426,550	14.00%
2016	1,639,480	(1,639,480)	-	11,710,571	14.00%
2017	1,724,671	(1,724,671)	-	12,319,079	14.00%
2018	1,893,477	(1,893,477)	-	13,524,836	14.00%
2019	1,922,452	(1,922,452)	-	13,731,800	14.00%
2020	1,949,621	(1,949,621)	-	13,925,864	14.00%
2021	1,814,403	(1,814,403)	-	12,960,021	14.00%

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

**SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST FIVE FISCAL YEARS (1) (2)**

	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.107026%	\$ 3,050,638	\$ 3,308,150	92.22%	11.49%
2018	0.107737%	2,891,379	3,482,450	83.03%	12.46%
2019	0.115781%	3,212,091	3,683,215	87.21%	13.57%
2020	0.109973%	2,765,589	3,695,689	74.83%	15.57%
2021	0.105296%	2,288,433	3,583,957	63.85%	18.17%

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

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

**Notes to Schedule:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set back for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement among disabled members.

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

*Change in benefit and funding terms.* In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST FIVE FISCAL YEARS (1) (2)

	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2017	0.111297%	\$ 5,952,184	\$ 11,710,571	50.83%	37.3%
2018	0.112055%	4,371,975	12,319,079	35.49%	47.1%
2019	0.118970%	(1,911,721)	13,524,836	(14.13%)	176.0%
2020	0.116962%	(1,937,173)	13,731,800	(14.11%)	174.7%
2021	0.115391%	(2,027,991)	13,925,864	(14.56%)	182.1%

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

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

**Notes to Schedule:**

*Change in assumption.* For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capital health care costs were updated.

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

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

For measurement year 2019, 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% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S OPEB CONTRIBUTION  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST SIX FISCAL YEARS (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 50,200	\$ (50,200)	-	\$ 3,308,150	1.52%
2017	53,636	(53,636)	-	3,482,450	1.54%
2018	74,618	(74,618)	-	3,683,215	2.03%
2019	83,600	(83,600)	-	3,695,689	2.26%
2020	63,920	(63,920)	-	3,583,957	1.78%
2021	64,356	(64,356)	-	3,527,571	1.82%

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

(2) Includes Surcharge

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

SCHEDULE OF THE SCHOOL DISTRICT'S OPEB CONTRIBUTION  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
LAST SIX FISCAL YEARS (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ -	\$ -	\$ -	\$ 11,710,571	0.00%
2017	-	-	-	12,319,079	0.00%
2018	-	-	-	13,524,836	0.00%
2019	-	-	-	13,731,800	0.00%
2020	-	-	-	13,925,864	0.00%
2021	-	-	-	12,960,021	0.00%

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

(2) STRS allocated the entire 14% employer contribution rate toward pension benefits.

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>(1) Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	N/A		\$42,008
Cash Assistance				
School Breakfast Program	10.553	N/A	\$66,902	
COVID-19 School Breakfast Program	10.553	N/A	14,604	
Total School Breakfast Program			<u>81,506</u>	
National School Lunch Program	10.555	N/A	567,462	
COVID-19 National School Lunch Program	10.555	N/A	74,759	
Total National School Lunch Program			<u>642,221</u>	42,008
Total Child Nutrition Cluster			<u>723,727</u>	<u>42,008</u>
Total U.S. Department of Agriculture			<u>723,727</u>	<u>42,008</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	N/A	138,917	
Total U.S. Department of the Treasury			<u>138,917</u>	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	166,864	
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	N/A	517,639	
Special Education Preschool Grants	84.173	N/A	22,726	
Total Special Education Cluster (IDEA)			<u>540,365</u>	
Supporting Effective Instruction State Grants	84.367	N/A	29,900	
Student Support and Academic Enrichment Program	84.424	N/A	14,809	
COVID-19 Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	163,234	
English Language Acquisition State Grants	84.365	N/A	8,884	
<b>Direct Program</b>				
Impact Aid	84.041	N/A	108,637	
Total U.S. Department of Education			<u>1,032,693</u>	
Total Expenditures of Federal Awards			<u>\$1,895,337</u>	<u>\$42,008</u>

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

N/A - No agency pass-through or other identifying number was available for this program.

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

**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL 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 Bellbrook-Sugarcreek Local School District (the District) under programs of the federal government for the fiscal year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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 program that benefitted from the use of those donated food commodities.

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

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

Bellbrook-Sugarcreek Local School District  
Greene County  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

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 Bellbrook-Sugarcreek Local School District, Greene County, (the District) as of and for the fiscal 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 May 31, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

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

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 31, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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

Bellbrook-Sugarcreek Local School District  
Greene County  
3757 Upper Bellbrook Road  
Bellbrook, Ohio 45305

To the Board of Education:

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

We have audited Bellbrook-Sugarcreek 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 Bellbrook-Sugarcreek Local School District's major federal program for the fiscal 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 programs.

### ***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, Bellbrook-Sugarcreek Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 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 the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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

May 31, 2022



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT  
GREENE COUNTY**

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

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

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

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

None

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

None

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# OHIO AUDITOR OF STATE KEITH FABER



**BELLBROOK-SUGARCREEK LOCAL SCHOOL DISTRICT**

**GREENE 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 6/16/2022**

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

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