



OHIO AUDITOR OF STATE
KEITH FABER



**BLANCHESTER LOCAL SCHOOL DISTRICT
CLINTON COUNTY
JUNE 30, 2021**

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**BLANCHESTER LOCAL SCHOOL DISTRICT
CLINTON COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Blanchester Local School District
Clinton County
951 Cherry Street
Blanchester, Ohio 45107

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matters

As discussed in Note 18 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also as discussed in Note 19, 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 these matters.

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*, required budgetary comparison schedule 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 August 11, 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio
August 11, 2022

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Blanchester Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities decreased \$275,657, which represents a 17% decrease from 2020.
- General revenues accounted for \$14,868,530 in revenue or 76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,575,775 or 24% of total revenues of \$19,444,305.
- The District had \$19,719,962 in expenses related to governmental activities; \$4,575,775 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$14,868,530 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?". The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows* and *liabilities and deferred inflows* 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 District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Blanchester Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

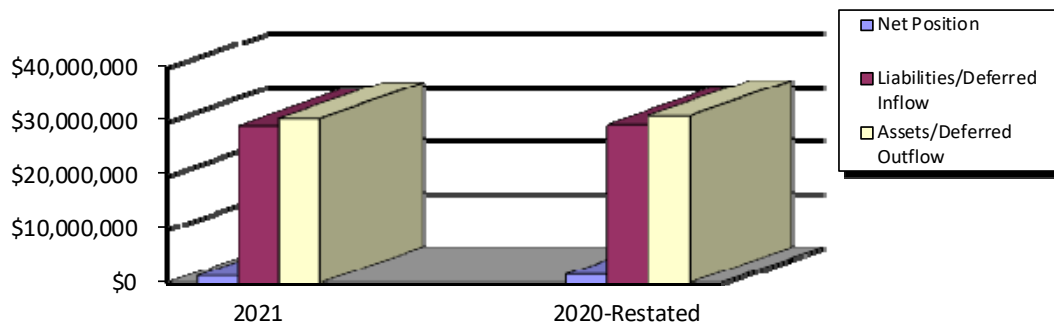
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020:

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**Blanchester Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2021	2020 - Restated
Assets:		
Current and Other Assets	\$9,600,747	\$9,195,324
Net OPEB Asset	937,685	909,053
Capital Assets	16,649,328	17,377,178
Total Assets	27,187,760	27,481,555
Deferred Outflows of Resources:		
OPEB	480,328	386,302
Pension	2,888,995	3,175,044
Total Deferred Outflows of Resources	3,369,323	3,561,346
Liabilities:		
Other Liabilities	1,807,660	1,556,396
Long-Term Liabilities	20,613,738	20,534,536
Total Liabilities	22,421,398	22,090,932
Deferred Inflows of Resources:		
Property Taxes	3,781,367	4,205,031
OPEB	2,139,189	1,805,941
Pension	890,771	1,340,982
Total Deferred Inflows of Resources	6,811,327	7,351,954
Net Position:		
Net Investment in Capital Assets	14,931,364	15,147,021
Restricted	1,365,949	1,015,956
Unrestricted	(14,972,955)	(14,562,962)
Total Net Position	\$1,324,358	\$1,600,015



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,324,358.

Blanchester Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

At year-end, capital assets represented 61% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2021, were \$14,931,364. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$1,365,949 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets decreased mainly due to current year depreciation expense exceeding current year additions. Long-term liabilities decreased due primarily to the District continually making payments on their outstanding debt.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,147,630	\$1,884,206
Operating Grants and Contributions	3,428,145	2,458,724
General Revenues:		
Property Taxes	3,822,701	3,647,441
Grants and Entitlements, Not Restricted	10,594,913	10,200,319
Other Revenues	450,916	331,853
Total Revenues	19,444,305	18,522,543
Program Expenses:		
Instruction	12,149,026	12,379,884
Support Services:		
Pupil and Instructional Staff	1,084,490	1,175,993
School Administrative, General		
Administration, Fiscal and Business	2,202,435	2,288,638
Operations and Maintenance	1,495,246	1,254,689
Pupil Transportation	1,223,348	1,331,796
Central	212,563	208,880
Operation of Non-Instructional Services	822,166	700,776
Extracurricular Activities	495,097	558,823
Interest and Fiscal Charges	35,591	61,059
Total Program Expenses	19,719,962	19,960,538
Change in Net Position	(275,657)	(1,437,995)
Net Position - Beginning of Year, Restated	1,600,015	3,038,010
Net Position - End of Year	\$1,324,358	\$1,600,015

**Blanchester Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

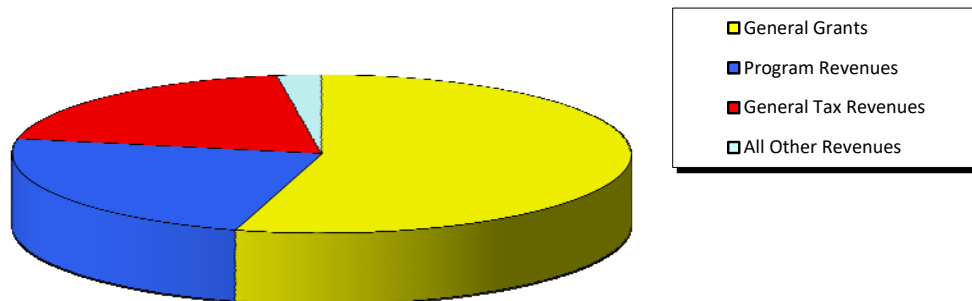
The District revenues are mainly from two sources. Property taxes levied for general, debt service, special revenue and capital projects purposes, and grants and entitlements (not restricted) comprised 74% of the District’s revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 20% of revenue for governmental activities for the District in fiscal year 2021.

**Governmental Activities
Revenue Sources**

Revenue Sources	2021	Percent of Total
General Grants	\$10,594,913	54.5%
Program Revenues	4,575,775	23.5%
General Tax Revenues	3,822,701	19.7%
All Other Revenues	450,916	2.3%
Investment Revenues	\$19,444,305	100.0%



Instruction comprises 62% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses and interest expense was 6%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

General Grants increased in fiscal year 2021 as compared to fiscal year 2020, which was mainly due to an increase in intergovernmental revenue received. Total expenses decreased in fiscal year 2021, mainly due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Blanchester Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$12,149,026	\$12,379,884	(\$9,342,680)	(\$9,104,129)
Support Services:				
Pupil and Instructional Staff	1,084,490	1,175,993	(618,422)	(961,956)
School Administrative, General				
Administration, Fiscal and Business	2,202,435	2,288,638	(2,191,675)	(2,288,030)
Operations and Maintenance	1,495,246	1,254,689	(1,219,494)	(1,200,830)
Pupil Transportation	1,223,348	1,331,796	(1,096,777)	(1,267,815)
Central	212,563	208,880	(205,363)	(201,680)
Operation of Non-Instructional Services	822,166	700,776	(87,648)	(192,184)
Extracurricular Activities	495,097	558,823	(346,537)	(421,797)
Interest and Fiscal Charges	35,591	61,059	(35,591)	(61,059)
Total Expenses	<u>\$19,719,962</u>	<u>\$19,960,538</u>	<u>(\$15,144,187)</u>	<u>(\$15,699,480)</u>

The District's Funds

The District has one major governmental fund: the General Fund. Assets of this fund comprised \$7,909,086 (78%) of the total \$10,107,150 governmental fund assets.

General Fund: Fund balance at June 30, 2021 was \$2,752,015, an increase in fund balance of \$179,999.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021 the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$17,111,930, compared to original budget estimates of \$16,876,434.

The District's ending unobligated cash balance for the General Fund was \$1,992,390.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$16,649,328 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Blanchester Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$546,830	\$546,830
Buildings and Improvements	14,553,314	15,299,911
Equipment	1,549,184	1,530,437
Total Net Capital Assets	<u>\$16,649,328</u>	<u>\$17,377,178</u>

Overall, capital assets decreased due to depreciation expense exceeding current year additions.

See Note 6 to the Basic Financial Statements for further details on the District’s capital assets.

Debt

At June 30, 2021, the District had \$1,717,964 in bonds payable, \$525,000 due within one year. Table 5 summarizes bonds outstanding at year end.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
2013 Certificate of Participation	\$1,035,000	\$1,190,000
Premium on 2013 Certificate of Participation	35,368	41,263
2016 Refunding Bonds:		
Current Interest Bonds	625,000	965,000
Premium on 2016 Refunding Bonds	22,596	33,894
Total Outstanding Debt at Year End	<u>\$1,717,964</u>	<u>\$2,230,157</u>

See Note 7 to the Basic Financial Statements for further details on the District’s long-term obligations.

Economic Outlook

Public school districts in Ohio use a combination of state funds, local sources (such as property taxes) and federal funds. The amount of state funds that a district receives is based on a formula that takes into account the student enrollment and the property wealth of the district.

Amended House Bill 49 (HB49) addressed the state foundation funding for FY18 and FY19. There are numerous components and variables that make up the calculation for foundation funding. As a result, there are numerous reasons why an individual school district will experience changes in foundation funding across fiscal years or why one district receives more state funds than another.

Blanchester Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The interaction of formula changes, changing characteristics of a district, and the effects of caps/guarantees can cause unexpected results. When "caps" or "guarantees" are used, the outcomes of any formula are suppressed. Because guarantees have been in place without interruption for many years, the guarantee is not necessarily to last year's amount, but perhaps to a formula calculation from a number of years prior. This means that guaranteed/capped funding amounts are often based upon district factors, such as student population and/or property values, which are dramatically different from what currently exists. Therefore, funding levels for a district relative to prior year might be due to the impact of lessening those constraints that short-circuit formulas.

Blanchester remains concerned about the instability of the state and local economy and the political ramifications of new funding models. Management is required to plan carefully and prudently the resources to meet student needs over the next several years. All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Blanchester Local School District, 951 Cherry Street, Blanchester, Ohio 45107.

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Blanchester Local School District, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$4,562,964
Receivables (Net):	
Taxes	4,336,990
Accounts	99,375
Interest	3,461
Intergovernmental	584,812
Prepaid	13,145
Net OPEB Asset	937,685
Nondepreciable Capital Assets	546,830
Depreciable Capital Assets, Net	<u>16,102,498</u>
 Total Assets	 <u>27,187,760</u>
Deferred Outflows of Resources:	
Pension	2,888,995
OPEB	<u>480,328</u>
 Total Deferred Outflows of Resources	 <u>3,369,323</u>
Liabilities:	
Accounts Payable	9,105
Accrued Wages and Benefits	1,538,956
Accrued Interest Payable	3,926
Claims Payable	255,673
Long-Term Liabilities:	
Due Within One Year	560,363
Due In More Than One Year:	
Net Pension Liability	17,125,923
Net OPEB Liability	1,414,149
Other Amounts	<u>1,513,303</u>
 Total Liabilities	 <u>22,421,398</u>
Deferred Inflows of Resources:	
Property Taxes	3,781,367
Pension	890,771
OPEB	<u>2,139,189</u>
 Total Deferred Inflows of Resources	 <u>6,811,327</u>
Net Position:	
Net Investment in Capital Assets	14,931,364
Restricted for:	
Debt Service	420,840
Capital Projects	243,988
Locally Funded Programs	34,368
Classroom Facilities Maintenance	188,078
Student Activities	103,127
State Funded Programs	215,585
Federally Funded Programs	7,673
Scholarships	152,290
Unrestricted	<u>(14,972,955)</u>
 Total Net Position	 <u>\$1,324,358</u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, 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 and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$8,499,137	\$881,117	\$751,724	(\$6,866,296)
Special	2,288,017	73,506	967,194	(1,247,317)
Vocational	35,031	0	132,805	97,774
Other	1,326,841	0	0	(1,326,841)
Support Services:				
Pupil	857,464	0	412,688	(444,776)
Instructional Staff	227,026	0	9,023	(218,003)
General Administration	29,811	0	0	(29,811)
School Administration	1,712,265	0	0	(1,712,265)
Fiscal	451,752	0	10,760	(440,992)
Business	8,607	0	0	(8,607)
Operations and Maintenance	1,495,246	0	275,752	(1,219,494)
Pupil Transportation	1,223,348	0	126,571	(1,096,777)
Central	212,563	0	7,200	(205,363)
Operation of Non-Instructional Services	822,166	44,447	734,428	(43,291)
Extracurricular Activities	495,097	148,560	0	(346,537)
Interest and Fiscal Charges	35,591	0	0	(35,591)
Totals	\$19,719,962	\$1,147,630	\$3,428,145	(15,144,187)

General Revenues:

Property Taxes Levied for:

General Purposes	3,339,440
Special Revenue Purposes	56,136
Debt Service Purposes	300,118
Capital Projects Purposes	127,007
Grants and Entitlements, Not Restricted	10,594,913
Unrestricted Contributions	7,481
Investment Earnings	2,892
Other Revenues	440,543

Total General Revenues 14,868,530

Change in Net Position (275,657)

Net Position - Beginning of Year, Restated 1,600,015

Net Position - End of Year \$1,324,358

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,959,703	\$1,371,859	\$4,331,562
Receivables (Net):			
Taxes	4,110,302	226,688	4,336,990
Accounts	88,667	10,708	99,375
Interest	3,312	149	3,461
Intergovernmental	0	584,812	584,812
Interfund	735,373	2,432	737,805
Prepaid	11,729	1,416	13,145
Total Assets	<u>7,909,086</u>	<u>2,198,064</u>	<u>10,107,150</u>
Liabilities:			
Accounts Payable	7,132	1,973	9,105
Accrued Wages and Benefits	1,363,488	175,468	1,538,956
Interfund Payable	0	737,805	737,805
Total Liabilities	<u>1,370,620</u>	<u>915,246</u>	<u>2,285,866</u>
Deferred Inflows of Resources:			
Property Taxes	3,785,183	180,174	3,965,357
Grants and Other Taxes	0	584,812	584,812
Investment Earnings	1,268	57	1,325
Total Deferred Inflows of Resources	<u>3,786,451</u>	<u>765,043</u>	<u>4,551,494</u>
Fund Balances:			
Nonspendable	11,729	1,416	13,145
Restricted	0	1,338,183	1,338,183
Committed	11,000	0	11,000
Assigned	2,729,286	0	2,729,286
Unassigned	0	(821,824)	(821,824)
Total Fund Balances	<u>2,752,015</u>	<u>517,775</u>	<u>3,269,790</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$7,909,086</u>	<u>\$2,198,064</u>	<u>\$10,107,150</u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balance		\$3,269,790
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		16,649,328
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	183,990	
Interest	1,325	
Intergovernmental	<u>584,812</u>	
		770,127
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		(24,271)
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(3,926)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(355,702)
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,888,995	
Deferred inflows of resources related to pensions	(890,771)	
Deferred outflows of resources related to OPEB	480,328	
Deferred inflows of resources related to OPEB	<u>(2,139,189)</u>	
		339,363
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	937,685	
Net Pension Liability	(17,125,923)	
Net OPEB Liability	(1,414,149)	
Other Amounts	<u>(1,717,964)</u>	
		<u>(19,320,351)</u>
Net Position of Governmental Activities		<u>\$1,324,358</u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$3,352,229	\$486,084	\$3,838,313
Tuition and Fees	954,483	0	954,483
Investment Earnings	1,923	1,007	2,930
Intergovernmental	11,656,839	1,917,441	13,574,280
Extracurricular Activities	140	148,660	148,800
Charges for Services	0	44,347	44,347
Other Revenues	369,909	78,115	448,024
Total Revenues	16,335,523	2,675,654	19,011,177
Expenditures:			
Current:			
Instruction:			
Regular	6,609,616	720,400	7,330,016
Special	2,072,668	78,899	2,151,567
Vocational	34,587	0	34,587
Other	1,326,841	0	1,326,841
Support Services:			
Pupil	617,573	223,054	840,627
Instructional Staff	218,147	0	218,147
General Administration	28,733	0	28,733
School Administration	1,628,713	0	1,628,713
Fiscal	420,785	11,408	432,193
Business	8,607	0	8,607
Operations and Maintenance	1,180,053	249,365	1,429,418
Pupil Transportation	1,089,862	55,931	1,145,793
Central	205,461	7,102	212,563
Operation of Non-Instructional Services	72,387	724,493	796,880
Extracurricular Activities	266,362	207,862	474,224
Capital Outlay	117,538	84,278	201,816
Debt Service:			
Principal Retirement	155,000	340,000	495,000
Interest and Fiscal Charges	30,068	23,850	53,918
Total Expenditures	16,083,001	2,726,642	18,809,643
Excess of Revenues Over (Under) Expenditures	252,522	(50,988)	201,534
Other Financing Sources (Uses):			
Transfers In	0	72,523	72,523
Transfers (Out)	(72,523)	0	(72,523)
Total Other Financing Sources (Uses)	(72,523)	72,523	0
Net Change in Fund Balance	179,999	21,535	201,534
Fund Balance - Beginning of Year, Restated	2,572,016	496,240	3,068,256
Fund Balance - End of Year	<u>\$2,752,015</u>	<u>\$517,775</u>	<u>\$3,269,790</u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$201,534

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	362,515	
Depreciation Expense	<u>(1,090,365)</u>	(727,850)

Governmental funds report pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions is reported as pension and OPEB expense.

Pension Contributions	1,123,554	
Pension Expense	(1,827,196)	
OPEB Contributions	41,714	
OPEB Expense	<u>96,902</u>	(565,026)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	(15,612)	
Interest	(38)	
Intergovernmental	<u>448,778</u>	433,128

Repayment of bond principal, and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 495,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 1,134

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(106,499)	
Amortization of Bond Premium	<u>17,193</u>	(89,306)

The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds		<u>(24,271)</u>
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Change in Net Position of Governmental Activities		<u><u>(\$275,657)</u></u>
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See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
Statement of Net Position
Proprietary Fund
June 30, 2021

	<u>Governmental Activities- Internal Service Fund</u>
Current Assets:	
Equity in Pooled Cash and Investments	<u>\$231,402</u>
Total Assets	<u>231,402</u>
Liabilities:	
Current Liabilities:	
Claims Payable	<u>255,673</u>
Total Liabilities	<u>255,673</u>
Net Position:	
Unrestricted	<u>(24,271)</u>
Total Net Position	<u>(\$24,271)</u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Governmental Activities- Internal Service Fund</u>
Operating Revenues:	
Charges for Services	<u>\$2,871,062</u>
Total Operating Revenues	<u>2,871,062</u>
Operating Expenses:	
Claims Expense	<u>2,895,333</u>
Total Operating Expenses	<u>2,895,333</u>
Change in Net Position	(24,271)
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u><u>(\$24,271)</u></u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Cash Received from Interfund Services	\$2,871,062
Cash Payments for Claims	<u>(2,639,660)</u>
Net Cash Provided (Used) by Operating Activities	<u>231,402</u>
Net Increase (Decrease) in Cash and Cash Equivalent	231,402
Cash and Cash Equivalents - Beginning of Year	<u>0</u>
Cash and Cash Equivalents - End of Year	<u><u>231,402</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(24,271)
Changes in Assets & Liabilities:	
Increase (Decrease) in Claims Payables	<u>255,673</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$231,402</u></u>

See accompanying notes to the basic financial statements.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 1 - Description of the District

The Blanchester Local School District ("District") was originally organized in 1854 and known as Blanchester Village School. On July 1, 1959 Blanchester Village School, Jefferson Township School and Edenton Local School District became Blanchester Local School District. In 1853 State Laws were enacted to create local boards of education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected, five-member board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This board controls the District's four instructional and support facilities staffed by 76 classified, 100 certified and eight administrative employees to provide service to 1,469 students and other community members.

Reporting Entity

The financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

Note 2 - Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements. The activity of the internal service funds is eliminated to avoid doubling up revenues and expenses.

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

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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

The private purpose trust is reported using the economic resources measurement focus.

Fund Accounting

The 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 District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

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 and liabilities and deferred inflows is reported as fund balance. The following is the District's major governmental fund:

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

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund of the District accounts for a self-insurance program which provides workers' compensation benefits to employees.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any fiduciary funds.

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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included 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 year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows related to pension and OPEB are reported on the governmental-wide statement of net position. For more pension and OPEB related information, see Note 8 and Note 9.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, investment earnings, OPEB and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

Investments are reported at fair value which is based on quoted market prices.

Interest revenue credited to the general fund during fiscal year 2021 amounted to \$1,923.

For purposes of the statement of cash flows, the internal service portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the internal service funds without prior notice or penalty.

Prepaid Items

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

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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

<u>Description</u>	<u>Estimated Lives</u>
Building Improvements	20-40 years
Equipment	3-15 years

Pensions/Other Postemployment Benefits (OPEB)

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

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vested payment method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the amount recorded as compensated absences is the amount due at year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The entire amount of compensated absences is reported as a fund liability in proprietary funds.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	Not Eligible	Per Contract	10-20 days for each service year depending on length of service
Maximum Accumulation	Not Applicable	Not Applicable	Not Applicable
Vested Termination Entitlement	Not Applicable	As Earned	As Earned
	Not Applicable	Not Applicable	Not Applicable

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Sick Leave

How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	228 days	Per Contract	228 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

Net Position

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$1,365,949 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

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

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

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The 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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are for the self-insurance program (internal service fund) which provides workers’ compensation benefits to employees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Estimates

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

Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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.

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

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

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

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$2,467,105 of the District's bank balance of \$2,718,105 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

Investments

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

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$946,339	Level 2	0.28
Money Market Funds	<u>1,075,622</u>	N/A	0.00
Total Fair Value	<u>\$2,021,961</u>		
Portfolio Weighted Average Maturity			0.13

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2021.

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest quality rating issued by nationally recognized statistical rating organizations. The District’s investments in negotiable CDs and money market funds were not rated.

Concentration of Credit Risk – The District’s investment policy allows investments in government sponsored enterprise (GSE) securities. The District has 47% of its investments in Negotiable CDs and 53% in Money Market Funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Clinton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance \$325,119 in the General Fund and \$46,514 in Other Governmental Funds.

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

	Amount
Agricultural/Residential and Other Real Estate	\$169,936,310
Public Utility Personal	13,799,530
Total	<u>\$183,735,840</u>

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 5 – Receivables

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

Note 6 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$546,830	\$0	\$0	\$546,830
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	33,275,605	113,743	0	33,389,348
Equipment	<u>8,891,257</u>	<u>248,772</u>	<u>0</u>	<u>9,140,029</u>
Totals at Historical Cost	<u>42,713,692</u>	<u>362,515</u>	<u>0</u>	<u>43,076,207</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	17,975,694	860,340	0	18,836,034
Equipment	<u>7,360,820</u>	<u>230,025</u>	<u>0</u>	<u>7,590,845</u>
Total Accumulated Depreciation	<u>25,336,514</u>	<u>1,090,365</u>	<u>0</u>	<u>26,426,879</u>
Governmental Activities Capital Assets, Net	<u>\$17,377,178</u>	<u>(\$727,850)</u>	<u>\$0</u>	<u>\$16,649,328</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$784,741
Special	74,455
Support Services:	
Pupil	370
Instructional Staff	146
School Administration	73,537
Fiscal	115
Operations and Maintenance	68,979
Pupil Transportation	78,032
Operation of Non-Instructional Services	3,814
Extracurricular Activities	<u>6,176</u>
Total Depreciation Expense	<u>\$1,090,365</u>

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 7 - Long-Term Liabilities

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
2013 Certificate of Participation	\$1,190,000	\$0	\$155,000	\$1,035,000	\$160,000
Premium on 2013 Certificate of Participation	41,263	0	5,895	35,368	0
2016 Refunding Bonds	965,000	0	340,000	625,000	365,000
Premium on 2016 Refunding Bonds	33,894	0	11,298	22,596	0
Subtotal Certificate of Participation and Bonds	2,230,157	0	512,193	1,717,964	525,000
Compensated Absences	282,905	163,492	90,695	355,702	35,363
Subtotal Certificate of Participation, Bonds, and Other Amounts	2,513,062	163,492	602,888	2,073,666	560,363
Net Pension Liability					
STRS	12,137,835	771,780	0	12,909,615	0
SERS	4,120,284	96,024	0	4,216,308	0
Subtotal Net Pension Liability	16,258,119	867,804	0	17,125,923	0
Net OPEB Liability					
STRS	0	0	0	0	0
SERS	1,763,355	0	349,206	1,414,149	0
Subtotal Net OPEB Liability	1,763,355	0	349,206	1,414,149	0
Total Long-Term Obligations	\$20,534,536	\$1,031,296	\$952,094	\$20,613,738	\$560,363

The refunding bonds will be paid from the debt service fund and certificates of participation will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Principal and interest requirements to retire debt outstanding at year end are as follows:

Fiscal Year Ending June 30	Certificate of Participation		Refunding Bonds	
	Principal	Interest	Principal	Interest
2022	\$160,000	\$26,462	365,000	13,275
2023	165,000	22,499	260,000	3,900
2024	170,000	18,099	0	0
2025	175,000	13,356	0	0
2026	180,000	8,250	0	0
2027	185,000	2,775	0	0
Total	\$1,035,000	\$91,441	\$625,000	\$17,175

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Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 8 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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, 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’

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

Funding Policy

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

The District's contractually required contribution to SERS was \$301,026 for fiscal year 2021. Of this amount \$36,592 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent 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 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$822,528 for fiscal year 2021. Of this amount \$0 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the 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	\$4,216,308	\$12,909,615	\$17,125,923
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06374620%	0.05335336%	
Prior Measurement Date	<u>0.06886450%</u>	<u>0.05488657%</u>	
Change in Proportionate Share	-0.00511830%	-0.00153321%	
Pension Expense	\$237,282	\$1,589,914	\$1,827,196

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$8,190	\$28,966	\$37,156
Changes of assumptions	0	692,997	692,997
Net difference between projected and actual earnings on pension plan investments	267,650	627,796	895,446
Changes in employer proportionate share of net pension liability	0	139,842	139,842
Contributions subsequent to the measurement date	<u>301,026</u>	<u>822,528</u>	<u>1,123,554</u>
Total Deferred Outflows of Resources	<u>\$576,866</u>	<u>\$2,312,129</u>	<u>\$2,888,995</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$82,548	\$82,548
Changes in employer proportionate share of net pension liability	<u>248,849</u>	<u>559,374</u>	<u>808,223</u>
Total Deferred Inflows of Resources	<u>\$248,849</u>	<u>\$641,922</u>	<u>\$890,771</u>

Blanchester Local School District, Ohio
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\$1,123,554 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$180,247)	\$387,888	\$207,641
2023	11,879	26,634	38,513
2024	111,562	210,965	322,527
2025	83,797	222,192	305,989
Total	<u>\$26,991</u>	<u>\$847,679</u>	<u>\$874,670</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 take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection

Blanchester Local School District, Ohio
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with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$5,775,827	\$4,216,308	\$2,907,842

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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 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.

Actuarial Assumptions - STRS

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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

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

STRS' 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 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%, but 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.

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that 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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$18,381,044	\$12,909,615	\$8,273,034

Changes in Actuarial Assumptions between Measurement Date and the 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 9 - Defined Benefit OPEB Plans

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$41,714.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$41,714 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

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

Net OPEB Liabilities (Assets), OPEB Expense (Income), 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 District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

Blanchester Local School District, Ohio
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	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$1,414,149	\$0	\$1,414,149
Proportionate Share of the Net OPEB (Asset)	0	(937,685)	(937,685)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06506840%	0.05335336%	
Prior Measurement Date	0.07011940%	0.05488657%	
Change in Proportionate Share	-0.00505100%	-0.00153321%	
OPEB Expense	(\$51,946)	(\$44,956)	(\$96,902)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$18,573	\$60,083	\$78,656
Changes of assumptions	241,063	15,479	256,542
Net difference between projected and actual earnings on OPEB plan investments	15,934	32,863	48,797
Changes in employer proportionate share of net OPEB liability	0	54,619	54,619
Contributions subsequent to the measurement date	41,714	0	41,714
Total Deferred Outflows of Resources	<u>\$317,284</u>	<u>\$163,044</u>	<u>\$480,328</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$719,194	\$186,773	\$905,967
Changes of assumptions	35,619	890,644	926,263
Changes in employer proportionate share of net OPEB liability	274,090	32,869	306,959
Total Deferred Inflows of Resources	<u>\$1,028,903</u>	<u>\$1,110,286</u>	<u>\$2,139,189</u>

\$41,714 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	SERS	STRS	Total
Ending June 30:			
2022	(\$154,813)	(\$231,337)	(\$386,150)
2023	(153,659)	(209,095)	(362,754)
2024	(153,846)	(201,292)	(355,138)
2025	(146,336)	(214,678)	(361,014)
2026	(107,463)	(45,172)	(152,635)
Thereafter	(37,216)	(45,668)	(82,884)
Total	<u>(\$753,333)</u>	<u>(\$947,242)</u>	<u>(\$1,700,575)</u>

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Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<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	5.00%	6.65%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, 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.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the

Blanchester Local School District, Ohio
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current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$1,760,884	\$1,414,149	\$1,162,346
	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%)
Proportionate share of the net OPEB liability	\$1,113,535	\$1,414,149	\$1,816,148

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

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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

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

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.

Blanchester Local School District, Ohio
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Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but 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 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$815,847)	(\$937,685)	(\$1,041,060)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,034,643)	(\$937,685)	(\$819,575)

Note 10 - Contingent Liabilities

Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2021.

Litigation

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

Note 11 - Jointly Governed Organizations

The Miami Valley Educational Computer Association (MVECA) is a jointly governed organization consisting of 27 school districts. The jointly governed 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. Each of the governments of these schools supports MVECA and shares in a percentage of equity based on the resources provided. MVECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District paid approximately \$37,862 to MVECA in 2021. To obtain financial information write to: the Director, 330 East Enon Road, Yellow Springs, Ohio 45387.

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The Ohio region 14 state Support Team (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts plus county board of education, developmental disabilities, and joint vocational school superintendents, as well as three parents of handicapped children in the region. The Southern Ohio Educational Service District acts as fiscal agent. Hopewell receives funding from contracts with each of the member school districts and from Federal and State grants. To obtain financial information write to: the Treasurer, Southern Ohio Educational Service District, 3321 Airborne Road, Wilmington, Ohio 45177.

Note 12 - Related Organization

Public Library - The Blanchester Public Library is a district political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Blanchester School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax-related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Blanchester Public Library, the Clerk/Treasurer, at 110 North Broadway, Blanchester, Ohio 45107.

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses these risks by maintaining a comprehensive risk management program through the purchase of various types of liability, inland marine, and property insurance from private carriers. Settled claims have not exceeded commercial coverage in any of the past four years.

As a benefit for employees of the Blanchester Local School District, the District makes available health, dental, and term life insurance for all qualifying employees who desire coverage.

The claims liability of \$255,673 reported at June 30, 2021 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amounts of the loss can be reasonably estimated. Changes in the fund's claims liability amount for the past year is as follows:

Fiscal Year	Balance at Beginning of Year	Curent Year Claims and Changes in Estimates	Claims Payments	Balance at End of Year
2021	\$0	\$2,895,334	\$2,639,661	\$255,673

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Note 14 – Accountability

The following individual funds had a deficit in fund balance at year end:

	<u>Deficit</u>
Other Governmental Funds:	
Summer Intervention	\$5,124
Vocational Education Enhancement	1,876
Alternative Schools	27,777
Title V	9,564
Food Service	19,354
Special Education	341,423
Title I	252,657
Miscellaneous Federal Grants	29,934
Improving Teacher Quality	28,926
Title VI-Innovative Projects	12,626
ESSER	77,371
Coronavirus Relief	13,776

The deficit fund balance in these special revenue funds was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 15 - Set-Asides

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

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

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	261,577
Qualified Disbursements	(208,913)
Current Year Offsets	<u>(52,664)</u>
Set Aside Reserve Balance as of June 30, 2021	<u>\$0</u>
Restricted Cash as of June 30, 2021	\$0

Offset credits for capital activity during the year exceeded the amount required for the set-aside, resulting in offset credits of \$17,297,316 available for carryover to offset capital acquisition requirements of future years.

Note 16 - Interfund Transactions

Interfund transactions at June 30, 2021, consisted of the following interfund receivable and payable, and transfers in and out:

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	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$735,373	\$0	\$0	\$72,523
Other Governmental Funds	2,432	737,805	72,523	0
Total All Funds	<u>\$737,805</u>	<u>\$737,805</u>	<u>\$72,523</u>	<u>\$72,523</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 17 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepays	<u>\$11,729</u>	<u>\$1,416</u>	<u>\$13,145</u>
Restricted for:			
Local Grants	0	34,368	34,368
Classroom Facilities Maintenance	0	185,503	185,503
Student Activity	0	72,725	72,725
Data Communication	0	1,242	1,242
Miscellaneous State Grants	0	24,709	24,709
Drug Free Schools	0	2,089	2,089
Student Wellness and Success	0	189,634	189,634
Student Activity	0	30,402	30,402
Special Trust/Endowment	0	152,233	152,233
Debt Service	0	407,283	407,283
Permanent Improvement	0	237,995	237,995
Total Restricted	<u>0</u>	<u>1,338,183</u>	<u>1,338,183</u>
Committed to:			
Permanent Improvements	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Assigned to:			
Public School Support	51,262	0	51,262
Budgetary Variance	2,148,163	0	2,148,163
Encumbrances	<u>529,861</u>	<u>0</u>	<u>529,861</u>
Total Assigned	<u>2,729,286</u>	<u>0</u>	<u>2,729,286</u>
Unassigned (Deficit)	<u>0</u>	<u>(821,824)</u>	<u>(821,824)</u>
Total Fund Balance	<u>\$2,752,015</u>	<u>\$517,775</u>	<u>\$3,269,790</u>

Blanchester Local School District, Ohio
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Note 18 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New Accounting Principles

For fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency and private purpose trust funds and they have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District’s financial statements.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

Restatement of Fund Balance/Net Position

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$2,572,016	\$303,755
Adjustments-Presentation Changes:		
GASB Statement No. 84	0	192,485
Restated Fund Balance, June 30, 2020	\$2,572,016	\$496,240

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	\$1,407,530
Adjustments-Presentation Changes:	
GASB Statement No. 84	192,485
Restated Net Position, June 30, 2020	\$1,600,015

Blanchester Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 19 – COVID-19

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

Note 20 – Subsequent Events

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school.

REQUIRED SUPPLEMENTARY INFORMATION

Blanchester Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	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
2021	0.06374620%	\$4,216,308	\$2,155,707	195.59%	68.55%
2020	0.06886450%	4,120,284	2,353,874	175.04%	70.85%
2019	0.07476590%	4,281,982	2,525,356	169.56%	71.36%
2018	0.07731710%	4,619,526	2,475,364	186.62%	69.50%
2017	0.07440200%	5,445,540	2,310,650	235.67%	62.98%
2016	0.07379590%	4,210,866	3,009,476	139.92%	69.16%
2015	0.07609400%	3,851,074	2,779,913	138.53%	71.70%
2014	0.07609400%	4,526,420	2,026,619	223.35%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$301,026	(301,026)	\$0	\$2,150,186	14.00%
2020	301,799	(301,799)	0	2,155,707	14.00%
2019	317,773	(317,773)	0	2,353,874	13.50%
2018	340,923	(340,923)	0	2,525,356	13.50%
2017	346,551	(346,551)	0	2,475,364	14.00%
2016	323,491	(323,491)	0	2,310,650	14.00%
2015	396,649	(396,649)	0	3,009,476	13.18%
2014	385,296	(385,296)	0	2,779,913	13.86%
2013	370,488	(370,488)	0	2,026,619	13.84%
2012	342,504	(342,504)	0	2,111,360	13.45%

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	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
2021	0.05335336%	\$12,909,615	\$6,138,600	210.30%	75.50%
2020	0.05488657%	12,137,835	7,008,429	173.19%	77.40%
2019	0.05701563%	12,536,456	6,849,771	183.02%	77.30%
2018	0.05787880%	13,749,233	6,118,286	224.72%	75.30%
2017	0.05549579%	18,576,114	5,917,457	313.92%	66.80%
2016	0.05428084%	15,001,636	5,692,550	263.53%	72.10%
2015	0.05407496%	13,152,902	6,386,862	205.94%	74.70%
2014	0.05407496%	15,625,458	5,211,117	299.85%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$822,528	(822,528)	\$0	\$5,875,200	14.00%
2020	859,404	(859,404)	0	6,138,600	14.00%
2019	981,180	(981,180)	0	7,008,429	14.00%
2018	958,968	(958,968)	0	6,849,771	14.00%
2017	856,560	(856,560)	0	6,118,286	14.00%
2016	828,444	(828,444)	0	5,917,457	14.00%
2015	796,957	(796,957)	0	5,692,550	14.00%
2014	830,292	(830,292)	0	6,386,862	13.00%
2013	700,596	(700,596)	0	5,211,117	13.00%
2012	710,376	(710,376)	0	5,291,239	13.00%

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	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
2021	0.06506840%	\$1,414,149	\$2,155,707	65.60%	18.17%
2020	0.07011940%	1,763,355	2,353,874	74.91%	15.57%
2019	0.07555640%	2,096,139	2,525,356	83.00%	13.57%
2018	0.07776160%	2,086,917	2,475,364	84.31%	12.46%
2017	0.07492256%	2,135,570	2,310,650	92.42%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$41,714	(41,714)	\$0	\$2,150,186	1.94%
2020	36,689	(36,689)	0	2,155,707	1.70%
2019	52,444	(52,444)	0	2,353,874	2.23%
2018	47,142	(47,142)	0	2,525,356	1.87%
2017	39,156	(39,156)	0	2,475,364	1.58%
2016	35,869	(35,869)	0	2,310,650	1.55%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.05335336%	(\$937,685)	6,138,600	(15.28%)	182.13%
2020	0.05488657%	(909,053)	7,008,429	(12.97%)	174.74%
2019	0.05701563%	(916,183)	6,849,771	(13.38%)	176.00%
2018	0.05787880%	2,258,217	6,118,286	36.91%	47.10%
2017	0.05549579%	2,967,929	5,917,457	50.16%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Blanchester Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$5,875,200	0.00%
2020	0	0	0	6,138,600	0.00%
2019	0	0	0	7,008,429	0.00%
2018	0	0	0	6,849,771	0.00%
2017	0	0	0	6,118,286	0.00%
2016	0	0	0	5,917,457	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Blanchester Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,439,777	\$3,487,776	\$3,305,804	(\$181,972)
Tuition and Fees	973,869	987,459	935,939	(51,520)
Investment Earnings	18,752	19,014	18,022	(992)
Intergovernmental	12,083,096	12,251,704	11,612,482	(639,222)
Other Revenues	360,940	365,977	346,882	(19,095)
Total Revenues	16,876,434	17,111,930	16,219,129	(892,801)
Expenditures:				
Current:				
Instruction:				
Regular	7,075,013	6,652,834	6,494,359	158,475
Special	2,322,319	2,183,742	2,131,724	52,018
Vocational	45,896	43,157	42,129	1,028
Other	1,450,266	1,363,726	1,331,241	32,485
Support Services:				
Pupil	756,470	711,330	694,386	16,944
Instructional Staff	268,533	252,509	246,494	6,015
General Administration	31,538	29,656	28,950	706
School Administration	1,734,586	1,631,081	1,592,227	38,854
Fiscal	470,152	442,097	431,566	10,531
Business	9,009	8,472	8,270	202
Operations and Maintenance	1,381,277	1,298,854	1,267,914	30,940
Pupil Transportation	1,523,509	1,432,599	1,398,473	34,126
Central	232,778	218,888	213,674	5,214
Extracurricular Activities	288,296	271,093	264,635	6,458
Capital Outlay	128,047	120,406	117,538	2,868
Debt Service:				
Principal Retirement	168,858	158,782	155,000	3,782
Interest and Fiscal Charges	32,756	30,802	30,068	734
Total Expenditures	17,919,303	16,850,028	16,448,648	401,380
Excess of Revenues Over (Under) Expenditures	(1,042,869)	261,902	(229,519)	(491,421)
Other Financing Sources (Uses):				
Advances In	630,066	638,858	605,526	(33,332)
Advances (Out)	(1,076,692)	(1,012,444)	(988,327)	24,117
Transfers (Out)	(79,007)	(74,293)	(72,523)	1,770
Total Other Financing Sources (Uses)	(525,633)	(447,879)	(455,324)	(7,445)
Net Change in Fund Balance	(1,568,502)	(185,977)	(684,843)	(498,866)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	2,677,233	2,677,233	2,677,233	0
Fund Balance - End of Year	\$1,108,731	\$2,491,256	\$1,992,390	(\$498,866)

See accompanying notes to the required supplementary information.

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Process

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

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

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

Any budgetary modifications at the fund and function level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate appropriations to the function and object level for all funds.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended 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 2020.

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund and function level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted. The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriations and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as an assignment of fund balance for subsequent year expenditures for governmental funds.

Lapsing of Appropriations

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) 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).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the general fund.

	General
GAAP Basis	\$179,999
Revenue Accruals	(116,394)
Expenditure Accruals	307,924
Advances In	605,526
Advances (Out)	(988,327)
Encumbrances	(673,570)
Funds Budgeted Elsewhere	(1)
Budget Basis	(\$684,843)

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

Changes in Assumptions:

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

- (1) Discount Rate:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.13%
 - Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.62%
 - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
 - Fiscal Year 2018 3.56%
 - Fiscal Year 2017 2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Blanchester Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Changes in Assumptions:

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

**BLANCHESTER LOCAL SCHOOL DISTRICT
CLINTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	45,235
Cash Assistance:			
COVID-19 National School Lunch Program	10.555	3L60	50,958
National School Lunch Program	10.555	3L60	364,005
Total National School Lunch Program			460,198
School Breakfast Program:			
COVID-19 National School Breakfast Program	10.553	3L70	27,187
National School Breakfast Program	10.553	3L70	210,015
Total National School Breakfast Program			237,202
Total Child Nutrition Cluster			697,400
Total U.S. Department of Agriculture			697,400
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through Ohio Department of Education</i>			
Special Education Grants to State Cluster:			
Speical Education - Grants to States	84.027	3M20	295,923
Preschool Special Education-Grants to States	84.173	3C50	12,626
Special Education-Preschool Restoration	84.173A	3C50	4,330
Total Special Education Cluster			312,879
Title 1 Grants to Local Educational Agencies	84.010	3M00	267,500
Student Support and Academic Enrichment Program	84.424	3H10	21,163
COVID - 19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	195,273
Total U.S. Department of Education			796,815
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	5CV1	195,121
Total U.S. Department of the Treasury			195,121
Total Expenditures of Federal Awards			\$1,689,336

The accompanying notes are an integral part of this schedule.

**BLANCHESTER LOCAL SCHOOL DISTRICT
CLINTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS 2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2021, the District made allowable transfers of \$16,673 from the Supporting Effective Instruction State Grants (84.367) program to the Title I (84.010) program. The Schedule shows the District spent \$0 on the Supporting Effective Instruction State Grants program. The amounts transferred to the Title I program are included as Title I expenditures when disbursed.



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

Blanchester Local School District
Clinton County
951 Cherry Street
Blanchester, Ohio 45107

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Blanchester Local School District, Clinton County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 11, 2022. wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

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
August 11, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Blanchester Local School District
Clinton County
951 Cherry Street
Blanchester, Ohio 45107

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
August 11, 2022

**BLANCHESTER LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2021-001

Material Weakness

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

**FINDING NUMBER 2021-001
(Continued)**

We identified the following conditions related to the above criteria:

- The District incorrectly classified expenditure claim payments as negative receipts in the amount of \$2,639,660, in the Internal Service fund.
- The District incorrectly recorded Intergovernmental Lunchroom and Breakfast receipts as Charges for Services in the amount of \$690,071, in the Food Service Fund.

The above errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District.

The accompanying financial statements and notes to the financial statements have been adjusted for these errors.

We recommend that District review and strengthen internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

Treasurer will continue to review the financial statements prepared by the accounting firm utilized for the preparation of the GAAP statements to ensure similar errors do not occur again.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None



BLANCHESTER LOCAL SCHOOLS

951 Cherry Street, Blanchester, Ohio 45107

937-783-3523 Fax 937-783-2990

SUPERINTENDENT

Randy Dunlap

TREASURER

Megan Thompson

**DIRECTOR OF
INSTRUCTION**

Raechel Purdon

**DIRECTOR OF
STUDENT SERVICES**

Kristin Unversaw

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2021

Finding Number: 2021-001

Planned Corrective Action: Treasurer will continue to review the financial statements prepared by the accounting firm utilized for the preparation of the GAAP statements to ensure similar errors do not occur again.

Anticipated Completion Date: Annual

Responsible Contact Person: Treasurer

Randy Dunlap, Superintendent

2021

**BOARD OF
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BLANCHESTER LOCAL SCHOOL DISTRICT

CLINTON 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 8/30/2022

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