



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY  
JUNE 30, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Benjamin Logan Local School District  
Logan County  
4740 County Road 26  
Bellefontaine, Ohio 43311

To the Board of Education:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Benjamin Logan Local School District, Logan County, Ohio (the District), as of and for the fiscal year ended June 30, 2020, 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Benjamin Logan Local School District, as of June 30, 2020, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the 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 schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Other Information*

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 10, 2021

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)**

The management's discussion and analysis of the Benjamin Logan Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- The total net cash position of the District decreased \$358,532 or 4.93% from fiscal year 2019, as restated in Note 3.A to the notes to the financial statements for the implementation of GASB Statement No. 84.
- General receipts accounted for \$16,935,862 or 77.98% of total governmental activities receipts. Program specific receipts accounted for \$4,782,980 or 22.02% of total governmental activities receipts.
- The District had \$22,077,374 in disbursements related to governmental activities; \$4,782,980 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily taxes) of \$16,935,862 were not adequate to provide for these programs.
- The District's major fund is the general fund. The general fund had receipts and other financing sources of \$19,044,990 in fiscal year 2020. The disbursements of the general fund totaled \$19,221,325 in fiscal year 2020. The general fund's balance decreased \$176,335 from a balance of \$5,854,317 to \$5,677,982.

**Using this Cash Basis Basic Financial Statements (BFS)**

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

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

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

The statement of net position - cash basis and the statement of activities - cash basis answer the question, "How did we do financially during 2020?" These statements include *only net cash position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)**

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

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

The statement of net position - cash basis and the statement of activities - cash basis can be found on pages 15-16 of this report.

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

***Fund Financial Statements***

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

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund. The analysis of the District's major governmental fund begins on page 10.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than GAAP. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 17-18 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on page 19 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. 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's only fiduciary fund is a custodial fund. All of the District's fiduciary activities are reported in the statement of change in fiduciary net position - cash basis on page 20. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

*Notes to the Financial Statements*

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-53 of this report.

**Government-Wide Financial Analysis**

Recall that the statement of net position - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019. The net cash position at June 30, 2019, has been restated as described in Note 3A.

	<b>Net Position</b>	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 6,906,328	\$ 7,264,908
Cash in segregated accounts	<u>5,645</u>	<u>5,597</u>
Total assets	<u>6,911,973</u>	<u>7,270,505</u>
<u>Net Position</u>		
Restricted	858,991	1,082,963
Unrestricted	<u>6,052,982</u>	<u>6,187,542</u>
Total net position	<u>\$ 6,911,973</u>	<u>\$ 7,270,505</u>

The total net position of the District decreased \$358,532, which represents a 4.93% decrease over fiscal year 2019.

The balance of government-wide unrestricted net position of \$6,052,982 may be used to meet the District's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal year 2020 and 2019. The net cash position at June 30, 2019, has been restated as described in Note 3A.

	<b>Change in Net Position</b>	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<b>Receipts:</b>		
Program receipts:		
Charges for services and sales	\$ 2,739,201	\$ 2,781,725
Operating grants and contributions	<u>2,043,779</u>	<u>2,314,550</u>
Total program receipts	<u>4,782,980</u>	<u>5,096,275</u>
General receipts:		
Property and other taxes	9,347,734	9,092,687
Unrestricted grants	7,280,690	7,967,069
Investment earnings	140,318	155,750
Miscellaneous	<u>167,120</u>	<u>200,046</u>
Total general receipts	<u>16,935,862</u>	<u>17,415,552</u>
Total receipts	<u>\$ 21,718,842</u>	<u>\$ 22,511,827</u>

Continued

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

	<b>Change in Net Position (Continued)</b>	
	Governmental	Restated
	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
<b>Disbursements:</b>		
Instruction:		
Regular	\$ 8,168,153	\$ 8,216,235
Special	2,445,072	2,356,387
Vocational	540,673	602,298
Other	1,696,721	1,651,164
Support services:		
Pupil	959,938	984,722
Instructional staff	516,017	699,275
Board of education	73,629	110,986
Administration	1,461,296	1,432,500
Fiscal	557,867	522,814
Business	32,606	42,624
Operations and maintenance	1,795,426	3,355,201
Pupil transportation	1,239,166	1,396,840
Central	348,456	334,158
Operation of non instructional services:		
Other non instructional services	29,483	19,798
Food service operations	640,418	669,236
Extracurricular	767,565	841,011
Facilities acquisition and construction	224,436	334,859
Debt service:		
Principal retirement	470,081	278,181
Interest and fiscal charges	110,371	135,652
Total disbursements	<u>22,077,374</u>	<u>23,983,941</u>
Change in net position	(358,532)	(1,472,114)
Net position at beginning of year (restated)	<u>7,270,505</u>	<u>8,742,619</u>
Net position at end of year	<u><u>\$ 6,911,973</u></u>	<u><u>\$ 7,270,505</u></u>

**Governmental Activities**

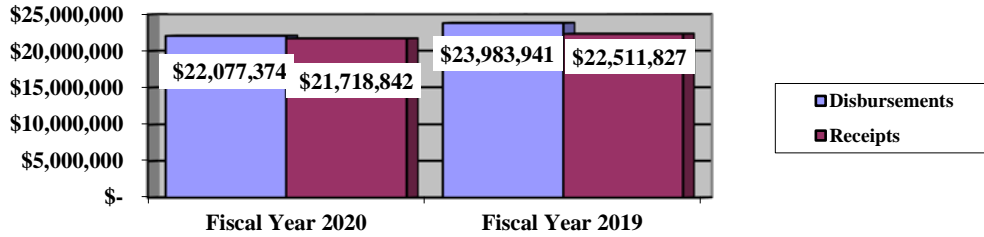
Governmental net cash position decreased by \$358,532 in fiscal year 2020 from fiscal year 2019. Total governmental disbursements of \$22,077,374 were offset by program receipts of \$4,782,980 and general receipts of \$16,935,862. Program receipts supported 21.66% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, and grants and entitlements. These receipt sources represent 76.56% of total governmental receipts. Real estate property is reappraised every six years.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

**Governmental Activities - Total Receipts vs. Total Disbursements**



**Governmental Activities**

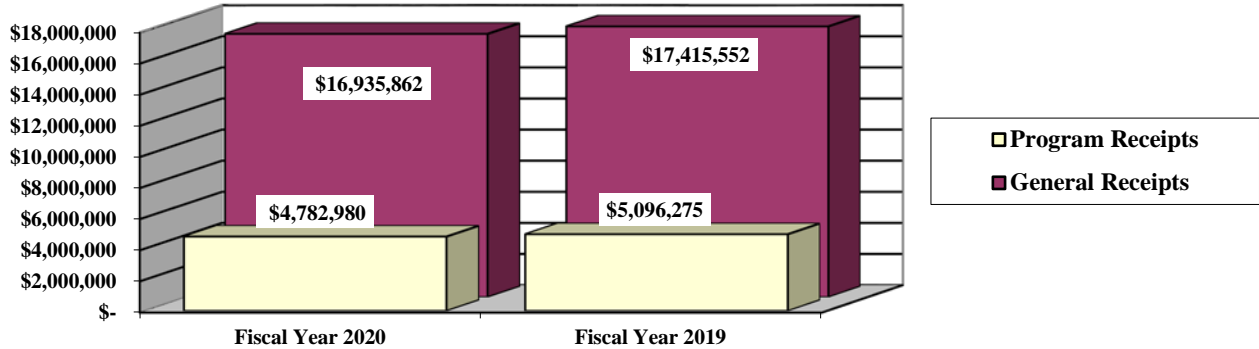
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Disbursements:				
Instruction:				
Regular	\$ 8,168,153	\$ 5,891,792	\$ 8,216,235	\$ 5,825,954
Special	2,445,072	1,148,403	2,356,387	1,103,306
Vocational	540,673	469,920	602,298	529,802
Other	1,696,721	1,696,721	1,651,164	1,651,164
Support services:				
Pupil	959,938	838,393	984,722	818,621
Instructional staff	516,017	365,628	699,275	699,275
Board of education	73,629	73,629	110,986	(17,680)
Administration	1,461,296	1,461,296	1,432,500	1,432,500
Fiscal	557,867	557,867	522,814	522,814
Business	32,606	32,606	42,624	42,624
Operations and maintenance	1,795,426	1,704,929	3,355,201	3,347,200
Pupil transportation	1,239,166	1,229,146	1,396,840	1,381,233
Central	348,456	345,756	334,158	331,458
Operation of non instructional services:				
Other non instructional services	29,483	4,512	19,798	(14,556)
Food service operations	640,418	155,037	669,236	(30,748)
Extracurricular	767,565	513,871	841,011	516,007
Facilities acquisition and construction	224,436	224,436	334,859	334,859
Debt service:				
Principal retirement	470,081	470,081	278,181	278,181
Interest and fiscal charges	110,371	110,371	135,652	135,652
<b>Total</b>	<b>\$ 22,077,374</b>	<b>\$ 17,294,394</b>	<b>\$ 23,983,941</b>	<b>\$ 18,887,666</b>

The dependence upon general cash receipts for governmental activities is apparent; with 78.34% of disbursements supported through taxes and other general receipts during fiscal year 2020.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

**Governmental Activities - General and Program Receipts**



**Financial Analysis of the District's Funds**

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

**Governmental Funds**

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

The District's governmental funds reported a combined fund balance of \$6,911,973, which is \$358,532 lower than last year's total balance of \$7,270,505. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and June 30, 2019, for the major and nonmajor governmental funds. The fund balances at June 30, 2019 have been restated as described in Note 3A.

	Fund Balance June 30, 2020	Restated Fund Balance June 30, 2019	Change
Major fund:			
General	\$ 5,677,982	\$ 5,854,317	\$ (176,335)
Other nonmajor governmental funds	1,233,991	1,416,188	(182,197)
Total	<u>\$ 6,911,973</u>	<u>\$ 7,270,505</u>	<u>\$ (358,532)</u>

**General Fund**

The general fund had receipts and other financing sources of \$19,044,990 in fiscal year 2020. The disbursements of the general fund totaled \$19,221,325 in fiscal year 2020. The general fund's balance decreased \$176,335 from a balance of \$5,854,317 to \$5,677,982.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)**

The table that follows assists in illustrating the receipts of the general fund.

	2020 <u>Amount</u>	Restated 2019 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Receipts:</u></b>			
Taxes	\$ 8,803,396	\$ 8,548,571	2.98 %
Tuition	2,018,311	1,834,577	10.02 %
Transportation fees	1,380	24,700	(94.41) %
Earnings on investments	140,318	155,750	(9.91) %
Other revenues	386,192	483,122	(20.06) %
Intergovernmental - State	7,687,381	8,387,674	(8.35) %
Intergovernmental - Federal	<u>7,812</u>	<u>-</u>	100.00 %
Total	<u>\$ 19,044,790</u>	<u>\$ 19,434,394</u>	(2.00) %

The District's general fund receipts decreased \$389,604 or 2.00%. Property taxes increased \$254,825 or 2.98%. This increase was due to larger assessed values and better tax collections compared to the previous fiscal year. Tuition increased \$183,734 or 10.02% due to an increase in open enrollment students throughout the District. Earnings on investments decreased \$15,432 or 9.91% due to a decrease in rates of return. Intergovernmental – federal receipts increased due to higher Medicaid receipts. All other receipts decreased due to decreased funding after the pandemic.

The table that follows assists in illustrating the disbursements of the general fund.

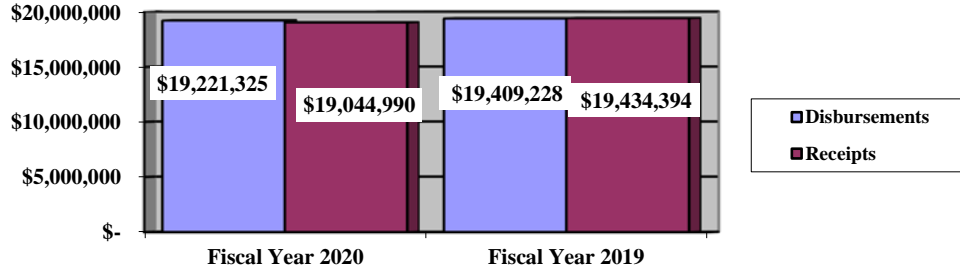
	2020 <u>Amount</u>	Restated 2019 <u>Amount</u>	Percentage <u>Change</u>
<b><u>Disbursements</u></b>			
Instruction	\$ 11,952,335	\$ 11,619,514	2.86 %
Support services	6,714,231	7,228,580	(7.12) %
Extracurricular	501,503	521,192	(3.78) %
Debt service	<u>53,256</u>	<u>39,942</u>	33.33 %
Total	<u>\$ 19,221,325</u>	<u>\$ 19,409,228</u>	(0.97) %

The District's general fund disbursements decreased \$187,903 or 0.97%. That largest decrease was in support services, which decreased \$514,349 or 7.12%. This decrease was the result of a decrease in pupil, instructional staff, administration, and other support services during the fiscal year. The debt service disbursements increased due to higher debt payments.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)

**General Fund - Total Receipts vs. Total Disbursements**



***Budgeting Highlights - General Fund***

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

For the general fund, original and final budget basis receipts and other financing sources were \$17,218,564. Actual receipts and other financing sources of \$17,200,756 were less than final budget estimates by \$17,808. The final budget basis disbursements and other financing uses of \$18,942,014 were increased \$133,204 from original budget basis disbursements and other financing uses of \$18,808,810. The actual budgetary basis disbursements of \$17,892,248 were \$1,049,766 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$224,436 during fiscal year 2020.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2020 and 2019:

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
Capital Improvement Bonds, Series 2014:		
Various Purpose - HB 264	\$ 675,000	\$ 835,000
Air Conditioning	140,000	170,000
Tax Anticipation Notes, Series 2018	1,884,000	2,120,000
Capital lease	<u>159,445</u>	<u>203,526</u>
Total long-term obligations	<u>\$ 2,858,445</u>	<u>\$ 3,328,526</u>



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(UNAUDITED)**

**Current Financial Related Activities**

The challenge for all school districts is to provide a quality education with limited revenue growth. This is even more challenging for a rural district such as Benjamin Logan Local Schools. With mainly one industry, whose Tangible Personal Property tax is being replaced with the House Bill 66 approved Commercial Activity Tax (CAT) that flows through the State, the District must rely on local taxes and State support even further for future revenue growth. The five-year forecast is predicting deficit spending for fiscal year 2021. With the passage of the current state budget, the District is very concerned about losing Tangible Personal Tax replacement dollars in fiscal year 2021 and in the future.

The District has been an effective school district over the last five years, which is among the top 15% of schools statewide. This academic success has been achieved by staff and administration dedication to improvement, an increase in professional development, and community support.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 Jennifer Sudhoff, Treasurer, Benjamin Logan Local School District, 4740 County Road 26, Bellefontaine, Ohio 43311-9532.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2020

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 6,906,328
Cash in segregated accounts . . . . .	5,645
Total assets. . . . .	6,911,973
 <b>Net cash position:</b>	
Restricted for:	
Capital projects . . . . .	73,888
Locally funded programs . . . . .	249,173
State funded programs. . . . .	48,534
Federally funded programs . . . . .	731
Student activities . . . . .	154,696
Other purposes . . . . .	331,969
Unrestricted. . . . .	6,052,982
Total net cash position. . . . .	\$ 6,911,973

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Cash Disbursements	Program Receipts		Net Cash Receipts (Cash Disbursements) Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 8,168,153	\$ 1,755,402	\$ 520,959	\$ (5,891,792)
Special . . . . .	2,445,072	353,816	942,853	(1,148,403)
Vocational . . . . .	540,673	-	70,753	(469,920)
Other . . . . .	1,696,721	-	-	(1,696,721)
Support services:				
Pupil . . . . .	959,938	121,545	-	(838,393)
Instructional staff . . . . .	516,017	-	150,389	(365,628)
Board of education . . . . .	73,629	-	-	(73,629)
Administration . . . . .	1,461,296	-	-	(1,461,296)
Fiscal . . . . .	557,867	-	-	(557,867)
Business . . . . .	32,606	-	-	(32,606)
Operations and maintenance . . . . .	1,795,426	8,000	82,497	(1,704,929)
Pupil transportation . . . . .	1,239,166	-	10,020	(1,229,146)
Central . . . . .	348,456	-	2,700	(345,756)
Operation of non-instructional services:				
Other non-instructional services . . . . .	29,483	-	24,971	(4,512)
Food service operations . . . . .	640,418	299,566	185,815	(155,037)
Extracurricular activities . . . . .	767,565	200,872	52,822	(513,871)
Facilities acquisition and construction . . . . .	224,436	-	-	(224,436)
Debt service:				
Principal retirement . . . . .	470,081	-	-	(470,081)
Interest and fiscal charges . . . . .	110,371	-	-	(110,371)
<b>Total governmental activities . . . . .</b>	<b>\$ 22,077,374</b>	<b>\$ 2,739,201</b>	<b>\$ 2,043,779</b>	<b>\$ (17,294,394)</b>

**General receipts:**

Property taxes levied for:	
General purposes . . . . .	7,409,244
Permanent improvement . . . . .	544,338
Emergency levy . . . . .	1,394,152
Grants and entitlements not restricted to specific programs . . . . .	7,280,690
Investment earnings . . . . .	140,318
Miscellaneous . . . . .	167,120
<b>Total general receipts . . . . .</b>	<b>16,935,862</b>
Change in net position . . . . .	(358,532)
<b>Net cash position at beginning of year (restated)</b>	<b>7,270,505</b>
<b>Net cash position at end of year . . . . .</b>	<b>\$ 6,911,973</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 5,677,982	\$ 1,228,346	\$ 6,906,328
Cash in segregated accounts . . . . .	-	5,645	5,645
Total assets . . . . .	<u>5,677,982</u>	<u>1,233,991</u>	<u>6,911,973</u>
<b>Fund balances:</b>			
Nonspendable:			
Unclaimed monies . . . . .	17,638	-	17,638
Restricted:			
Capital improvements . . . . .	-	73,888	73,888
Food service operations . . . . .	-	80,500	80,500
Special education . . . . .	-	27,766	27,766
Other purposes. . . . .	-	479,230	479,230
Extracurricular activities. . . . .	-	154,696	154,696
Student wellness. . . . .	-	42,911	42,911
Committed:			
Termination benefits. . . . .	56,258	-	56,258
Assigned:			
Student instruction . . . . .	192,016	-	192,016
Student and staff support. . . . .	232,135	-	232,135
Capital improvements . . . . .	-	375,000	375,000
Other purposes. . . . .	2,375	-	2,375
Unassigned . . . . .	<u>5,177,560</u>	<u>-</u>	<u>5,177,560</u>
Total fund balances . . . . .	<u>\$ 5,677,982</u>	<u>\$ 1,233,991</u>	<u>\$ 6,911,973</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>			
From local sources:			
Property taxes . . . . .	\$ 8,803,396	\$ 544,338	\$ 9,347,734
Tuition . . . . .	2,018,311	-	2,018,311
Transportation fees . . . . .	1,380	-	1,380
Earnings on investments . . . . .	140,318	-	140,318
Charges for services . . . . .	-	299,566	299,566
Extracurricular . . . . .	121,545	200,872	322,417
Classroom materials and fees . . . . .	89,527	-	89,527
Rental income . . . . .	8,000	-	8,000
Contributions and donations . . . . .	6,086	136,482	142,568
Other local revenues . . . . .	161,034	37,171	198,205
Intergovernmental - state . . . . .	7,687,381	677,461	8,364,842
Intergovernmental - federal . . . . .	7,812	778,162	785,974
<b>Total receipts . . . . .</b>	<u>19,044,790</u>	<u>2,674,052</u>	<u>21,718,842</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular . . . . .	7,778,666	389,487	8,168,153
Special . . . . .	1,940,786	504,286	2,445,072
Vocational . . . . .	536,162	4,511	540,673
Other . . . . .	1,696,721	-	1,696,721
Support services:			
Pupil . . . . .	923,678	36,260	959,938
Instructional staff . . . . .	441,071	74,946	516,017
Board of education . . . . .	73,629	-	73,629
Administration . . . . .	1,461,296	-	1,461,296
Fiscal . . . . .	545,436	12,431	557,867
Business . . . . .	32,606	-	32,606
Operations and maintenance . . . . .	1,651,593	143,833	1,795,426
Pupil transportation . . . . .	1,239,166	-	1,239,166
Central . . . . .	345,756	2,700	348,456
Operation of non-instructional services:			
Other operation of non-instructional . . . . .	-	29,483	29,483
Food service operations . . . . .	-	640,418	640,418
Extracurricular activities . . . . .	501,503	266,062	767,565
Facilities acquisition and construction . . . . .	-	224,436	224,436
Debt service:			
Principal retirement . . . . .	44,081	426,000	470,081
Interest and fiscal charges . . . . .	9,175	101,196	110,371
<b>Total disbursements . . . . .</b>	<u>19,221,325</u>	<u>2,856,049</u>	<u>22,077,374</u>
Excess of disbursements over receipts . . . . .	<u>(176,535)</u>	<u>(181,997)</u>	<u>(358,532)</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	200	527,588	527,788
Transfers (out) . . . . .	-	(527,788)	(527,788)
<b>Total other financing sources (uses) . . . . .</b>	<u>200</u>	<u>(200)</u>	<u>-</u>
Net change in fund cash balances . . . . .	(176,335)	(182,197)	(358,532)
<b>Fund cash balances at beginning of year (restated)</b>	<u>5,854,317</u>	<u>1,416,188</u>	<u>7,270,505</u>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 5,677,982</u>	<u>\$ 1,233,991</u>	<u>\$ 6,911,973</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 6,938,017	\$ 6,938,017	\$ 7,409,245	\$ 471,228
Tuition. . . . .	1,834,577	1,834,577	2,018,311	183,734
Transportation fees. . . . .	24,700	24,700	1,380	(23,320)
Earnings on investments . . . . .	155,750	155,750	140,318	(15,432)
Classroom materials and fees . . . . .	107,388	107,388	89,522	(17,866)
Rental income . . . . .	8,001	8,001	8,000	(1)
Contributions and donations . . . . .	500	500	-	(500)
Other local revenues . . . . .	64,311	64,311	105,239	40,928
Intergovernmental - state . . . . .	7,950,140	7,950,140	7,365,479	(584,661)
Intergovernmental - federal . . . . .	-	-	7,812	7,812
Total receipts . . . . .	<u>17,083,384</u>	<u>17,083,384</u>	<u>17,145,306</u>	<u>61,922</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	7,244,494	7,102,950	6,960,448	142,502
Special. . . . .	2,041,099	2,117,734	1,583,142	534,592
Vocational. . . . .	530,567	542,046	539,052	2,994
Other. . . . .	1,692,645	1,652,700	1,696,721	(44,021)
Support services:				
Pupil. . . . .	835,815	817,583	822,334	(4,751)
Instructional staff . . . . .	444,275	479,987	441,685	38,302
Board of education . . . . .	115,117	120,553	83,779	36,774
Administration. . . . .	1,461,287	1,445,563	1,461,546	(15,983)
Fiscal . . . . .	530,604	539,015	532,631	6,384
Business . . . . .	45,576	45,702	34,156	11,546
Operations and maintenance. . . . .	1,671,665	1,736,537	1,691,655	44,882
Pupil transportation . . . . .	1,241,271	1,218,268	1,150,077	68,191
Central. . . . .	283,915	392,429	348,519	43,910
Extracurricular activities. . . . .	525,480	585,947	501,503	84,444
Total disbursements . . . . .	<u>18,663,810</u>	<u>18,797,014</u>	<u>17,847,248</u>	<u>949,766</u>
Excess of disbursements over receipts. . . . .	<u>(1,580,426)</u>	<u>(1,713,630)</u>	<u>(701,942)</u>	<u>1,011,688</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	10,000	10,000	55,084	45,084
Transfers (out). . . . .	(45,000)	(45,000)	(45,000)	-
Advances in. . . . .	125,000	125,000	-	(125,000)
Advances (out) . . . . .	(100,000)	(100,000)	-	100,000
Sale of capital assets . . . . .	180	180	366	186
Total other financing sources (uses) . . . . .	<u>(9,820)</u>	<u>(9,820)</u>	<u>10,450</u>	<u>20,270</u>
Net change in fund cash balance . . . . .	(1,590,246)	(1,723,450)	(691,492)	1,031,958
<b>Unencumbered fund balance at beginning of year . .</b>	2,838,615	2,838,615	2,838,615	-
<b>Prior year encumbrances appropriated . . . . .</b>	409,472	409,472	409,472	-
<b>Unencumbered fund balance at end of year . . . . .</b>	<u>\$ 1,657,841</u>	<u>\$ 1,524,637</u>	<u>\$ 2,556,595</u>	<u>\$ 1,031,958</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - CASH BASIS  
CUSTODIAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<b>Custodial</b>
<b>Additions:</b>	
Extracurricular collections for OHSAA . . . . .	\$ 5,821
Total additions. . . . .	5,821
<b>Deductions:</b>	
Extracurricular distributions to OHSAA . . . . .	5,821
Total deductions . . . . .	5,821
Change in net cash position . . . . .	-
<b>Net cash position at beginning of year (restated)</b>	-
<b>Net cash position at end of year . . . . .</b>	<b>\$ -</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Benjamin Logan Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1969 through the consolidation of existing land areas and school districts. The District serves an area of approximately 225 square miles, 201 square miles in Logan County, 18 square miles in Hardin County, and six square miles in Union County. It is located in Logan County and includes the Villages of Belle Center, Rushsylvania, Valley High, Middleburg, West Mansfield, Zanesfield, and East Liberty. The District is staffed by 91 non-certified employees and 129 certified full-time teaching personnel who provide services to 1,687 students and other community members. The District currently operates three instructional buildings and a garage building.

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

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34" and GASB Statement No. 90 "Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Western Ohio Computer Organization (WOCO)

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions of member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Donn Walls, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District is a political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on the board. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

Logan County Education Foundation

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

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (the "Program") was established through the Ohio School Boards Association ("OSBA") as an insurance purchasing pool.

The Program's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designees, serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the Program.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

Logan County School Employee Consortium

The District participates in the Logan County School Employee Consortium (the Consortium); a public entity shared risk pool consisting of one educational service center, one joint vocational school district, and three local school districts. The District pays monthly premiums to the Consortium for employee medical benefits. The Consortium is responsible for the payment of all Consortium liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. The Superintendent of the District is the Recording Secretary of the Consortium. To obtain financial information write to Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

*RELATED ORGANIZATION*

Belle Center Free Public Library

The Belle Center Free Public Library (the "Library") is a distinct 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 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 Belle Center Free Public Library, Judy Pockras, Fiscal Officer, at 103 South Elizabeth Street, PO Box 336, Belle Center, Ohio 44310.

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

The following is the District's major governmental fund:

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

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net cash position and changes in net cash 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's custodial fund accounts for Ohio High School Athletic Association (OHSAA) tournament funds.

**D. Basis of Presentation**

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations 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 budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the legal level within all funds are made by the District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the 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 amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment 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 fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements. A portion of cash and cash equivalents held within the athletic department of the District is recorded as "cash in segregated accounts".

During fiscal year 2020, investments were limited to commercial paper, Federal Farm Credit Bank (FFCB) securities, negotiable certificates of deposit, a U.S. Government money market and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

During fiscal year 2020, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

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

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$140,318, which includes \$80,160 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**G. Equity Classifications**

**1. Government-Wide Statements**

Equity is classified as Net Position, and displayed in separate components:

- a. Restricted Net Position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net Position restricted for other purposes include resources restricted for food service operations, school supplies, and for student scholarships. As of June 30, 2020, the District had no net position restricted by enabling legislation.
- b. Unrestricted Net Position - All other net position that does not meet the definition of “restricted”.

**2. Fund Financial Statements**

Governmental fund Equity is classified as fund cash balance, and displayed in separate components:

The District reports classifications of fund cash balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories may be used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority, the Board of Education.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when a disbursement is incurred for purposes for which restricted and unrestricted fund cash balance is available. The District considers committed, assigned, and unassigned fund cash balances, respectively, to be spent when disbursements are incurred for purposes for which any of the unrestricted fund cash balance classifications could be used.

**H. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**I. Unpaid Vacation and Sick Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, employer contributions include portions for pension benefits and postretirement health care benefits.

**K. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**L. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds are eliminated on the statement of net position - cash basis and the statement of activities - cash basis.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

**N. Program Receipts**

In the statement of activities, receipts that are derived directly from each activity or from parties outside the District's taxpayers are reported as program receipts. The District has the following program receipts: charges for services and operating grants, contributions, and interest. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Fund Balances/Restatement of Net Position**

For fiscal year 2020, the District has implemented GASB Statement No. 84 "*Fiduciary Activities*" and GASB Statement No. 90 "*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes 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 funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary 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.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

A fund cash balance restatement is required in order to implement GASB Statement No 84. The June 30, 2019, fund cash balances have been restated as follows:

	General	Other Governmental Funds	Total Governmental Funds
Fund cash balance			
previously reported	\$ 5,854,317	\$ 1,067,829	\$ 6,922,146
GASB Statement No. 84	-	348,359	348,359
Restated fund cash balance			
at June 30, 2019	<u>\$ 5,854,317</u>	<u>\$ 1,416,188</u>	<u>\$ 7,270,505</u>

A net cash position restatement is required in order to implement GASB Statement No 84. The governmental activities at June 30, 2019 has been restated as follows:

	Governmental Activities
Net cash position	
as previously reported	\$ 6,922,146
GASB Statement No. 84	348,359
Restated net cash position	
at June 30, 2019	<u>\$ 7,270,505</u>

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net cash position of \$0. Also related to the implementation of GASB Statement No. 84, the District will no longer be reporting private purpose trust or agency funds. At June 30, 2019, private purpose trust and agency funds reported net position of \$218,513 and \$129,846, respectively.

**B. Compliance**

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

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

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

**A. Cash in Segregated Accounts**

At fiscal year-end, \$5,645 was maintained in a checking account that the District established for funds related to athletics. This depository account is included in the total amount of "Deposits with Financial Institutions".

**B. Deposits with Financial Institutions**

At June 30, 2020, the carrying amount of all District's deposits was \$891,815, and the bank balance of all District deposits was \$949,907. Of the bank balance, \$883,324 was covered by the FDIC and \$66,583 was covered by the Ohio Pooled Collateral System.

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

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

**C. Investments**

As of June 30, 2020, the District had the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
STAR Ohio	\$ 2,782,950	\$ 2,782,950	\$ -	\$ -	\$ -
U.S. Government money market	50,201	50,201	-	-	-
FFCB	104,968	-	-	-	104,968
Negotiable CD's	2,242,357	585,162	335,000	497,751	824,444
Commercial paper	839,682	701,032	138,650	-	-
Total	<u>\$ 6,020,158</u>	<u>\$ 4,119,345</u>	<u>\$ 473,650</u>	<u>\$ 497,751</u>	<u>\$ 929,412</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the governmental money market an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
STAR Ohio	\$ 2,782,950	46.23
U.S. Government money market	50,201	0.83
FFCB	104,968	1.74
Negotiable CD's	2,242,357	37.25
Commercial paper	839,682	13.95
Total	<u>\$ 6,020,158</u>	<u>100.00</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

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

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash as reported on the statement of net position as of June 30, 2020:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 891,815
Investments	<u>6,020,158</u>
Total	<u>\$ 6,911,973</u>
 <u>Cash per statement of net position</u>	
Governmental activities	<u>\$ 6,911,973</u>
Total	<u>\$ 6,911,973</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the fiscal year ended June 30, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfers from nonmajor governmental fund to:</u>		<u>Amount</u>
Nonmajor governmental fund		\$ 527,588
 <u>Transfer from nonmajor governmental fund to:</u>		
General fund		<u>200</u>
Total		<u>\$ 527,788</u>

Transfers are used to move cash receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$527,588 transfer from the permanent improvement fund (a nonmajor governmental fund) to the debt service fund (a nonmajor governmental fund) was to make debt service payments. The \$200 transfer from the student managed activities fund (a nonmajor governmental fund) to the general fund was a residual equity transfer to close out the Class of 2019 account.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
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**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Logan, Hardin and Union Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 364,601,570	96.64	\$ 404,158,780	96.62
Public utility personal	<u>12,675,900</u>	<u>3.36</u>	<u>14,146,350</u>	<u>3.38</u>
Total	<u>\$ 377,277,470</u>	<u>100.00</u>	<u>\$ 418,305,130</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$33.20		\$33.00	
Permanent improvement	\$2.00		\$2.00	

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 7 - LONG-TERM OBLIGATIONS**

During the fiscal year 2020, the following changes occurred in the District's long-term obligations:

	Balance Outstanding <u>06/30/19</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/20</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
Capital Improvement Bonds, Series 2014:					
Various Purpose - HB 264	\$ 835,000	\$ -	\$ (160,000)	\$ 675,000	\$ 160,000
Air conditioning	170,000	-	(30,000)	140,000	35,000
Tax Anticipation Notes, Series 2018	2,120,000	-	(236,000)	1,884,000	236,000
Capital lease	<u>203,526</u>	<u>-</u>	<u>(44,081)</u>	<u>159,445</u>	<u>46,336</u>
Total governmental activities	<u>\$ 3,328,526</u>	<u>\$ -</u>	<u>\$ (470,081)</u>	<u>\$ 2,858,445</u>	<u>\$ 477,336</u>

Capital Improvement Bonds, Series 2014 - On March 25, 2014, the District issued \$1,925,000 in general obligation bonds this was a consolidated issue to combine two separate series of bonds. The bonds were issued to finance costs of (a) installing heating and air conditioning systems in school buildings and other facilities for District purposes and improving and equipping their sites (\$320,000), and (b) constructing, renovating, rehabilitating, furnishing, equipping and improving District buildings and facilities to conserve energy (\$1,605,000). The principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

The bonds were issued for a ten year period with a final maturity of December 1, 2014. The bond issue consists entirely of current interest serial bonds at an interest rate of 1.0% to 4.0% for an approximate yield to maturity of 0.22% to 2.65%.

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2014 Bonds:

<u>Fiscal Year</u>	<u>Various Purpose - HB 24</u>			<u>Air Conditioning</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 160,000	\$ 22,200	\$ 182,200	\$ 35,000	\$ 4,550	\$ 39,550
2022	165,000	17,300	182,300	35,000	3,500	38,500
2023	170,000	10,600	180,600	35,000	2,100	37,100
2024	<u>180,000</u>	<u>3,600</u>	<u>183,600</u>	<u>35,000</u>	<u>700</u>	<u>35,700</u>
Total	<u>\$ 675,000</u>	<u>\$ 53,700</u>	<u>\$ 728,700</u>	<u>\$ 140,000</u>	<u>\$ 10,850</u>	<u>\$ 150,850</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 7 - LONG-TERM OBLIGATIONS - (Continued)**

Tax Anticipation Notes, Series 2018: During fiscal year 2018, the District issued \$2,120,000 in tax anticipation notes for capital improvements throughout the District. The notes were issued for a ten year period with a final maturity date of December 1, 2027. The notes carry an interest rate of 3.55%. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

The following is a summary of the District's future annual debt service requirements to maturity for the Tax Anticipation Notes, Series 2020:

<u>Fiscal Year</u>	<u>Tax Anticipation Notes - 2018</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 236,000	\$ 62,693	\$ 298,693
2022	236,000	54,315	290,315
2023	236,000	45,937	281,937
2024	236,000	37,559	273,559
2025	236,000	29,181	265,181
2026 - 2028	704,000	37,346	741,346
Total	<u>\$ 1,884,000</u>	<u>\$ 267,031</u>	<u>\$ 2,151,031</u>

Capitalized Lease - Lessee Disclosure - The District entered into a capitalized lease for copiers. This lease agreement meets the criteria of a capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. Principal payments in fiscal year 2020 totaled \$44,081 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2020:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 53,256
2022	53,256
2023	53,256
2024	13,313
Total minimum lease payments	173,081
Less: amount representing interest	<u>(13,636)</u>
Total	<u>\$ 159,445</u>

The District's total voted debt margin was \$36,832,462 with an unvoted debt margin of \$418,305 at June 30, 2020.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial coverage in any of the past three years.

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$72,094,451 and a 100 percent coinsurance.

The District's fleet insurance has a liability limit of \$1,000,000, and \$5,000 for medical payments. The policy includes a \$1,000 deductible for comprehensive and collision coverage.

The District also has a \$1,000,000 general liability policy per occurrence/\$2,000,000 per aggregate, with an overall excess liability policy (umbrella) for a total limit of \$5,000,000.

**B. Employee Benefits**

The District's health insurance is provided through Anthem Blue Cross Blue Shield, the insurance provider for the Logan County Schools Benefit Plan Association. The District's vision plan is provided through Vision Service Plan (VSP). The District's dental plan is provided through Trustmark. The District's life plan is provided through Mutual of Omaha. These benefits are provided through the Logan County School Employee Consortium.

**C. Workers' Compensation**

For fiscal year 2020, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The 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 are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$382,420 for fiscal year 2020.

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS 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.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,201,074 for fiscal year 2020.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.07173170%	0.07443866%	
Proportion of the net pension liability current measurement date	<u>0.07948000%</u>	<u>0.07318469%</u>	
Change in proportionate share	<u>0.00774830%</u>	<u>-0.00125397%</u>	
Proportionate share of the net pension liability	\$ 4,755,428	\$ 16,184,354	\$ 20,939,782

***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.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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, 2019, are presented below:

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

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 6,664,054	\$ 4,755,428	\$ 3,154,805

**Actuarial Assumptions - STRS**

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

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)

**NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$23,651,631	\$ 16,184,354	\$ 9,862,922

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

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

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

The 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 OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

*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 Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(CONTINUED)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$47,488.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$47,488 for fiscal year 2020.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability/Asset***

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.07256510%	0.07443866%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.08103090%</u>	<u>0.07318469%</u>	
Change in proportionate share	<u>0.00846580%</u>	<u>-0.00125397%</u>	
Proportionate share of the net OPEB liability	\$ 2,037,757	\$ -	\$ 2,037,757
Proportionate share of the net OPEB asset	\$ -	\$ (1,212,114)	\$ (1,212,114)

***Actuarial Assumptions - SERS***

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

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

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

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,473,450	\$ 2,037,757	\$ 1,691,329

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,632,656	\$ 2,037,757	\$ 2,575,227

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Actuarial Assumptions - STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**Assumption Changes Since the Prior Measurement Date** - There were no changes in assumptions since the prior measurement date of June 30, 2018.

**Benefit Term Changes Since the Prior Measurement Date** - 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.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate** - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 1,034,298	\$ 1,212,114
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 1,374,482	\$ 1,212,114	\$ 1,013,253

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 11 - CONTINGENCIES**

**A. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2019-2020 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2020, Foundation funding for the District. As a result, ODE owes \$7,947 to the District. This amount has not been included in the financial statements.

**NOTE 12 - STATUTORY RESERVES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	314,815
Current year offsets	<u>(602,888)</u>
Total	<u>\$ (288,073)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The budgetary comparison statement presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is (1) outstanding year end encumbrances are treated as disbursements (budget) rather than assigned fund balance (cash) and (2) certain funds are included in the general fund on a cash-basis, but budgeted as special revenue funds on a budget-basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the general fund:

	<u>General fund</u>
Cash basis	\$ 5,677,982
Funds budgeted elsewhere**	(2,850,457)
Adjustment for encumbrances	<u>(270,930)</u>
Budget basis	<u>\$ 2,556,595</u>

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

**NOTE 14 - COMMITMENTS**

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

	<u>Year-End</u>
<u>Fund</u>	<u>Encumbrances</u>
General	\$ 286,234
Other governmental	<u>35,900</u>
Total	<u>\$ 322,134</u>

**NOTE 15 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Logan County entered into Enterprise Zone (EZ) agreements with NK Parts Industries, Inc., NEX Transport, Inc., Midwest Express, Inc. and Cole for the abatement of property taxes to bring jobs and economic development into the County. The agreements affect the property tax receipts collected and distributed to the District. Under the agreement, the District property taxes were reduced by \$251,228 during fiscal year 2020.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(CONTINUED)**

**NOTE 16 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>(1) (2) Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
School Breakfast Program:		
COVID-19 Cash Assistance	10.553	\$ 13,472
Cash Assistance	10.553	<u>35,034</u>
Total School Breakfast Program		<u>48,506</u>
National School Lunch Program:		
Non-Cash Assistance (Food Distribution)	10.555	21,053
COVID-19 Cash Assistance	10.555	21,029
Cash Assistance	10.555	<u>122,356</u>
Total National School Lunch Program		<u>164,438</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture		<u><u>212,944</u></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	210,967
Special Education Cluster (IDEA):		
Special Education_Grants to States	84.027	<u>293,320</u>
Total Special Education Cluster (IDEA)		<u>293,320</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	39,077
Student Support and Academic Enrichment Program	84.424	16,631
Total U.S. Department of Education		<u><u>559,995</u></u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$ 772,939</u></u>

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

(2) There were no pass through entity indentifying numbers.

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Benjamin Logan Local School District (the District) under programs of the federal government for the fiscal year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Benjamin Logan Local School District  
Logan County  
4740 County Road 26  
Bellefontaine, Ohio 43311

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 cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Benjamin Logan Local School District, Logan County, (the District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2021, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

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

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 10, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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

Benjamin Logan Local School District  
Logan County  
4740 County Road 26  
Bellefontaine, Ohio 43311

To the Board of Education:

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

We have audited the Benjamin Logan Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Benjamin Logan Local School District's major federal programs for the fiscal year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the District's major federal programs.

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

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

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

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

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

***Opinion on Each Major Federal Program***

In our opinion, the Benjamin Logan Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2020.

***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

March 10, 2021



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster (IDEA)  CFDA #84.010 - Title I Grants to Local Educational Agencies
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2020-001**

**Noncompliance**

**Ohio Rev. Code § 117.38(A)** provides, in part, that each public office, other than a state agency, "shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office." Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**Ohio Admin. Code § 117-2-03(B)** requires all school districts to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. The District should prepare its financial statements according to generally accepted accounting principles to provide users with more meaningful financial statements.

**Officials' Response:**

See Corrective Action Plan on page 65.

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

None.



# Benjamin Logan Local School District - *Every Student. Every Day.*

4740 CR 26, Bellefontaine, OH 43311-9532 • Phone 937-593-9211 • Fax 937-599-4059

## BOARD OF EDUCATION

**Tod Johnson**  
*President*

**Deb Johnson**  
*Vice-President*

**Karen Dill**  
*Member*

**Scott Spriggs**  
*Member*

**Kathy Stierhoff**  
*Member*

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(B) JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	<b>Material Weakness – Financial Reporting</b> The District had receipts that were incorrectly displayed on the financial statements.	Corrected	
2019-002	<b>Ohio Rev. Code § 117.38 and Ohio Adm. Code § 117-2-03 (B)</b> – Failed to file financial statements prepared using generally accepted accounting principles. This was first reported for the fiscal year ended June 30, 2003	Not Corrected  Repeated as Finding 2020-001	The School District acknowledges this requirement but will continue to report on the cash basis in order to save resources for the District.

**John Scheu**  
*Superintendent*

**Jennifer Sudhoff**  
*Treasurer/CFO*



## HOME OF THE RAIDERS

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## CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2020

### BOARD OF EDUCATION

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*Member*

**Scott Spriggs**  
*Member*

**Kathy Stierhoff**  
*Member*

**John Scheu**  
*Superintendent*

**Jennifer Sudhoff**  
*Treasure/CFO*

**Finding Number:** 2020-001  
**Planned Corrective Action:** The school district acknowledges this requirement but will continue to report on the cash basis in order to save resources for the district.  
**Anticipated Completion Date:** N/A  
**Responsible Contact Person:** Jennifer Sudhoff, Treasurer/CFO



HOME OF THE RAIDERS

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# OHIO AUDITOR OF STATE KEITH FABER



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT**

**LOGAN 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 4/6/2021**

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

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