

BRISTOL LOCAL SCHOOL DISTRICT TRUMBULL COUNTY, OHIO

Basic Financial Statements

**For the Fiscal Year Ended
June 30, 2021**

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

TABLE OF CONTENTS

Table of Contents.....	1
Accountant's Compilation Report	2
Management's Discussion and Analysis	3 - 15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	22
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	23
Notes to the Basic Financial Statements.....	24 - 60
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio	62 - 63
State Teachers Retirement System (STRS) of Ohio	64 - 65
Schedule of District Contributions:	
School Employees Retirement System (SERS) of Ohio	66 - 67
State Teachers Retirement System (STRS) of Ohio	68 - 69
Schedule of the District's Proportionate Share of the Net OPEB Liability/Asset:	
School Employees Retirement System (SERS) of Ohio	70
State Teachers Retirement System (STRS) of Ohio	71
Schedule of District OPEB Contributions:	
School Employees Retirement System (SERS) of Ohio	72 - 73
State Teachers Retirement System (STRS) of Ohio	74 - 75
Notes to Required Supplementary Information	76 - 77

Accountant's Compilation Report

To the Bristol Local School District Board of Education
Bristolville, Ohio

Management is responsible for the accompanying basic financial statements of the Bristol Local School District, which comprise the statements listed in the table of contents as of June 30, 2021 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of net pension and other post-employment benefit assets and liabilities, and pension and other post-employment contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
September 28, 2021

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities increased \$941,049 which represents a 16.06% increase from 2020's net position.
- General revenues accounted for \$6,999,082 in revenue or 78.01% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,972,467 or 21.99% of total revenues of \$8,971,549.
- The District had \$8,030,500 in expenses related to governmental activities; only \$1,972,467 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,999,082 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$7,455,552 in revenues and \$6,486,596 in expenditures. During fiscal year 2021, the general fund's fund balance increased from \$4,001,463 to \$4,970,419.
- The permanent improvement fund had \$161,464 in revenues and other financing sources and \$416,546 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance decreased from \$579,723 to \$324,641.

Using the Basic Financial Statements (BFS)

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

The District's statement of net position and statement of activities can be found on pages 16-17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. 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 funds are the general fund and the permanent improvement.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 18-22 of this report.

Reporting the District's Fiduciary Responsibilities

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 statement because the resources of those funds are not available to support the District's own programs. Custodial funds are the District's only fiduciary fund type. The statement of changes in fiduciary net position can be found on page 23 of this report.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-60 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB asset/liability and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations. The required supplementary information can be found on pages 62 through 77 of this report.

THIS SPACE INTENTIONALLY LEFT BLANK

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 10,285,267	\$ 9,376,925
Capital assets, net	<u>7,997,263</u>	<u>7,794,365</u>
Total assets	<u>18,282,530</u>	<u>17,171,290</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	-	1,255
Pension	1,208,581	1,203,980
OPEB	<u>183,792</u>	<u>111,444</u>
Total deferred outflows of resources	<u>1,392,373</u>	<u>1,316,679</u>
<u>Liabilities</u>		
Current liabilities	888,566	627,130
Long-term liabilities:		
Due within one year	90,233	359,751
Due in more than one year:		
Net pension liability	7,073,694	6,599,646
Net OPEB liability	511,982	569,062
Other amounts	<u>349,532</u>	<u>389,687</u>
Long-term liabilities	<u>8,025,441</u>	<u>7,918,146</u>
Total liabilities	<u>8,914,007</u>	<u>8,545,276</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	2,763,093	2,711,479
Pension	400,801	660,972
OPEB	<u>796,100</u>	<u>710,389</u>
Total deferred inflows of resources	<u>3,959,994</u>	<u>4,082,840</u>
<u>Net position</u>		
Net investment in capital assets	7,522,050	7,457,940
Restricted	832,115	1,176,707
Unrestricted (deficit)	<u>(1,553,263)</u>	<u>(2,774,794)</u>
Total net position	<u>\$ 6,800,902</u>	<u>\$ 5,859,853</u>

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$6,800,902.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

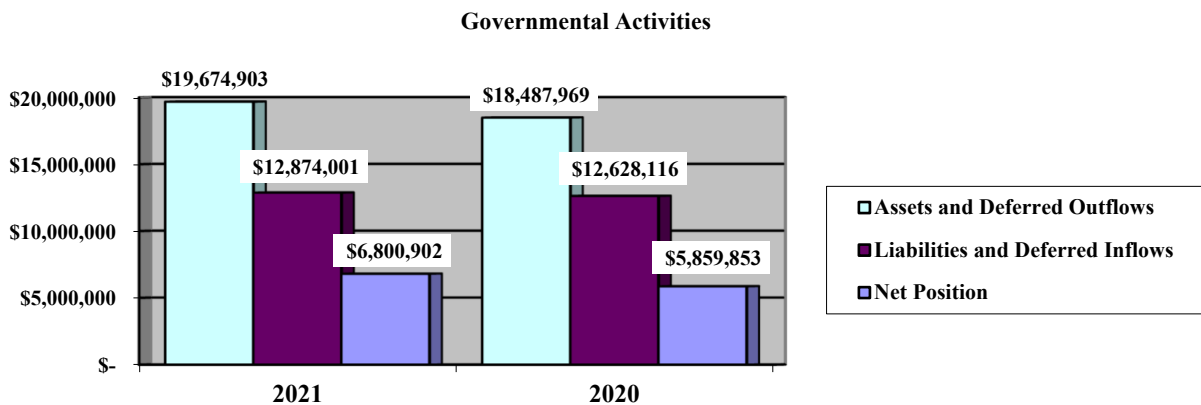
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

At year-end, capital assets represented 43.74% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and construction in progress. Net investment in capital assets to acquire the assets at June 30, 2021, were \$7,522,050. Capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$832,115 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$1,553,263.

The overall increase in net position is primarily a result of an increase in assets. The increase in assets is a result of higher cash balances as revenues exceeded expenses for the year as well as an increase in capital assets.

The graph below shows the District's assets and deferred outflows, liabilities and deferred inflows and net position at June 30, 2021 and 2020.



THIS SPACE INTENTIONALLY LEFT BLANK

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

	Change in Net Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 558,325	\$ 618,095
Operating grants and contributions	1,414,142	903,913
General revenues:		
Property taxes	2,829,959	2,728,612
Grants and entitlements	4,118,432	4,064,877
Investment earnings	8,758	90,397
Miscellaneous	41,933	12,943
Total revenues	<u>8,971,549</u>	<u>8,418,837</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	3,770,005	3,686,074
Special	1,079,673	1,097,472
Vocational	398	68,711
Other	-	1,793
Support services:		
Pupil	325,436	313,397
Instructional staff	160,237	147,166
Board of education	72,600	53,184
Administration	649,506	666,743
Fiscal	253,224	261,206
Business	18,350	19,169
Operations and maintenance	775,518	670,110
Pupil transportation	452,631	461,383
Central	41,537	14,771
Operation of non-instructional services		
Food service operations	207,424	226,666
Other non-instructional services	16,115	17,944
Extracurricular activities	202,329	226,687
Interest and fiscal charges	5,517	8,698
Total expenses	<u>8,030,500</u>	<u>7,941,174</u>
Change in net position	941,049	477,663
Net position beginning of year	<u>5,859,853</u>	<u>5,382,190</u>
Net position end of year	<u>\$ 6,800,902</u>	<u>\$ 5,859,853</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

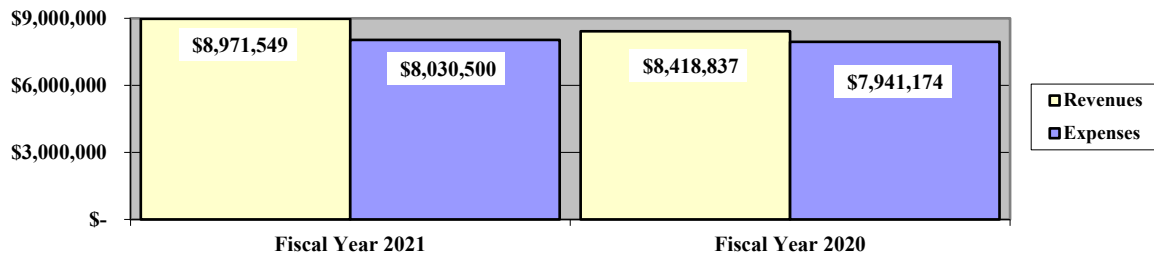
Governmental Activities

Net position of the District's governmental activities increased \$941,049. Total governmental expenses of \$8,030,500 were offset by program revenues of \$1,972,467 and general revenues of \$6,999,082. Program revenues supported 24.56% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 77.45% of total governmental revenue.

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

Governmental Activities - Revenues and Expenses



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

THIS SPACE INTENTIONALLY LEFT BLANK

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

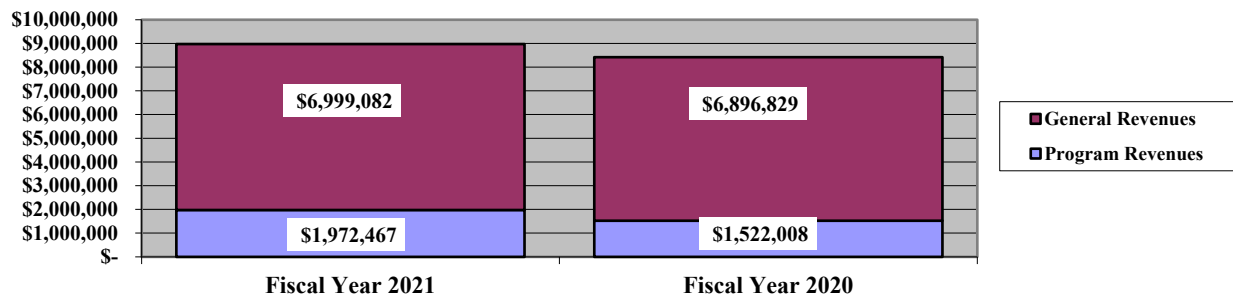
Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses				
Instruction:				
Regular	\$ 3,770,005	\$ 3,061,906	\$ 3,686,074	\$ 3,325,012
Special	1,079,673	485,758	1,097,472	457,949
Vocational	398	(7,709)	68,711	60,604
Other	-	-	1,793	1,793
Support services:				
Pupil	325,436	114,873	313,397	154,498
Instructional staff	160,237	130,884	147,166	132,180
Board of education	72,600	72,600	53,184	53,184
Administration	649,506	647,508	666,743	666,743
Fiscal	253,224	253,224	261,206	261,206
Business	18,350	18,350	19,169	19,169
Operations and maintenance	775,518	623,351	670,110	646,249
Pupil transportation	452,631	399,894	461,383	417,682
Central	41,537	26,202	14,771	11,171
Operation of non-instructional services				
Food service operations	207,424	51,810	226,666	65,090
Other non-instructional services	16,115	15,298	17,944	12,944
Extracurricular activities	202,329	158,567	226,687	124,994
Interest and fiscal charges	<u>5,517</u>	<u>5,517</u>	<u>8,698</u>	<u>8,698</u>
Total expenses	<u>\$ 8,030,500</u>	<u>\$ 6,058,033</u>	<u>\$ 7,941,174</u>	<u>\$ 6,419,166</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 72.99% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.44%.

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

Governmental Activities - General and Program Revenues



**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$5,792,572 which is higher than last year's balance of \$5,144,757. The schedule below indicates the fund balances and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	<u>Change</u>
General	\$ 4,970,419	\$ 4,001,463	\$ 968,956
Permanent improvement	324,641	579,723	(255,082)
Nonmajor governmental	<u>497,512</u>	<u>563,571</u>	<u>(66,059)</u>
Total	<u>\$ 5,792,572</u>	<u>\$ 5,144,757</u>	<u>\$ 647,815</u>

General Fund

The District's general fund's fund balance increased \$968,956. The tables that follow assist in illustrating the financial activities and fund balance of the general fund.

	2021 <u>Amount</u>	2020 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Property taxes	\$ 2,600,704	\$ 2,470,137	\$ 130,567	5.29 %
Intergovernmental	4,298,238	4,230,324	67,914	1.61 %
Investment earnings	11,868	91,552	(79,684)	(87.04) %
Tuition and fees	498,250	449,771	48,479	10.78 %
Other revenues	<u>46,492</u>	<u>36,118</u>	<u>10,374</u>	28.72 %
Total	<u>\$ 7,455,552</u>	<u>\$ 7,277,902</u>	<u>\$ 177,650</u>	2.44 %

Revenues remained relatively stable with an increase of 2.44%. The decrease in earnings on investments is primarily due to less amounts held in investments and investment performance during the fiscal year. The increase in tuition revenue is primarily due to an increase in open enrollment. Other revenues increased \$10,374 or 28.72% due to an increase in miscellaneous revenue received during the fiscal year offset by a decrease in extracurricular revenue due to the COVID-19 pandemic. All other revenues remained comparable to fiscal year 2020.

	2021 <u>Amount</u>	2020 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 4,018,260	\$ 4,267,142	\$ (248,882)	(5.83) %
Support services	2,324,170	2,228,258	95,912	4.30 %
Operation of non-instructional services	120	291	(171)	(58.76) %
Extracurricular activities	132,287	142,043	(9,756)	(6.87) %
Facilities acquisition and construction	-	8,000	(8,000)	(100.00) %
Debt service	<u>11,759</u>	<u>11,759</u>	<u>-</u>	- %
Total	<u>\$ 6,486,596</u>	<u>\$ 6,657,493</u>	<u>\$ (170,897)</u>	(2.57) %

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Expenditures remained relatively stable with a decrease of 2.57% due to the District's cost containment efforts. Operation of non-instructional services decreased \$171 or 58.76% and the District did not have any facilities acquisition and construction expenditures from the general fund during fiscal year 2021 resulting in a 100% decrease. All other expenditures remained comparable to fiscal year 2020.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$6,717,781 which was \$539,877 higher than the original budgeted revenues and other financing sources estimate of \$6,177,904. Actual revenues and other financing sources for fiscal year 2021 were \$6,717,781, which was equal to the final budgeted revenues and other financing sources.

General fund final appropriations and other financing uses were \$6,063,468 which was \$162,043 lower than the original budgeted expenditures and other financing uses of \$6,225,511. Actual expenditures and other financing uses for fiscal year 2021 were \$5,966,076 which was \$97,392 lower than final appropriations and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$7,997,263 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2021 balances compared to balances of 2020:

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

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 168,360	\$ 178,569
Construction in progress	267,750	-
Building and improvements	7,062,160	7,206,235
Furniture and equipment	232,315	170,147
Vehicles	<u>266,678</u>	<u>239,414</u>
Total	<u>\$ 7,997,263</u>	<u>\$ 7,794,365</u>

The overall increase in capital assets is due to the construction of a new roof on the High School building and new HVAC units for the Elementary building. During fiscal year 2021, the District adjusted their capital asset threshold from \$2,000 to a new threshold of \$5,000.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Debt Administration

At June 30, 2021, the District had \$130,202 in general obligation bonds and capital leases outstanding. Of this total, \$25,704 is due within one year and \$104,498 is due in more than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
General obligation bonds	\$ 110,000	\$ 305,000
Capital lease	<u>20,202</u>	<u>30,197</u>
Total	<u>\$ 130,202</u>	<u>\$ 335,197</u>

At June 30, 2021, the District's overall legal debt margin was \$10,056,753 with an unvoted debt margin of \$112,962.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District is committed to educational progress as well as fiscal responsibility. However, the financial future of the School District is not without challenges. The District faces uncertainty regarding state funding, potential increases in healthcare, aging facilities, and the replacement of our bus fleet.

The school's valuation and resources have remained relatively stable over the past few years. The District is determined to do all that it can to remain solvent and to avoid passing a new operating levy. The School District currently has two emergency levies. The first emergency levy is for \$330,000. This levy was renewed on the May 2, 2017 election. The year of expiration is calendar year 2022, and the year of collection is calendar year 2023. The second emergency levy is for \$400,000. This levy was renewed on the May 7, 2019 election. The year of expiration is calendar year 2024, and the year of collection is calendar year 2025. This levy position is difficult because it requires voter renewal at the end of each term; the dollar amount is fixed and does not compensate for inflation. The District also has a 5-year permanent improvement levy. This levy was renewed on the November 3, 2020 election. The year of expiration is calendar year 2025, and the year of collection is calendar year 2026. The purpose of this levy is to provide funds for permanent improvements for school buildings, improvement to school site, and the purchase of buses.

The uncertainty of state funding is another challenge the District faces. The majority of the operating revenue that is received by the District is from state funding. State foundation is set as part of the State's biennial budget for FY2020 and FY2021. Due to the COVID-19 pandemic, the District lost approximately 3.7% in state revenue in FY2020. The loss equals approximately \$113,662. For FY2021, the Governor restored roughly 50% of the loss funds from FY2020. Any changes to the District's foundation payments at the conclusion of the current biennial budget may have a material effect on the District. The District also continues to lose students to neighboring districts due to open enrollment, charter schools, and electronic schools.

The Board of Education and Administration continue to plan carefully to provide the resources and education required to meet student needs.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mario Nero, Treasurer, Bristol Local School District, 1845 Greenville Rd. NW, P.O. Box 260, Bristolville, OH 44402-0260.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,564,742
Receivables:	
Property taxes	3,197,708
Accounts	4,407
Accrued interest	387
Intergovernmental	98,522
Prepayments	10,887
Materials and supplies inventory	122
Inventory held for resale	3,116
Net OPEB asset	405,376
Capital assets:	
Nondepreciable capital assets	436,110
Depreciable capital assets, net	7,561,153
Capital assets, net	7,997,263
Total assets	<u>18,282,530</u>
Deferred outflows of resources:	
Pension	1,208,581
OPEB	183,792
Total deferred outflows of resources	<u>1,392,373</u>
Liabilities:	
Accounts payable	54,417
Contracts payable	345,763
Accrued wages and benefits payable	378,033
Intergovernmental payable	20,587
Pension obligation payable	89,479
Accrued interest payable	287
Long-term liabilities:	
Due within one year	90,233
Due in more than one year:	
Net pension liability	7,073,694
Net OPEB liability	511,982
Other amounts due in more than one year	349,532
Total liabilities	<u>8,914,007</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	2,763,093
Pension	400,801
OPEB	796,100
Total deferred inflows of resources	<u>3,959,994</u>
Net position:	
Net investment in capital assets	7,522,050
Restricted for:	
Capital projects	340,347
Debt service	2,551
State funded programs	266,636
Federally funded programs	11,429
Food service operations	139,324
Student activities	71,454
Other purposes	374
Unrestricted (deficit)	(1,553,263)
Total net position	<u>\$ 6,800,902</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 3,770,005	\$ 400,132	\$ 307,967	\$ (3,061,906)
Special	1,079,673	98,118	495,797	(485,758)
Vocational	398	-	8,107	7,709
Support services:				
Pupil	325,436	-	210,563	(114,873)
Instructional staff	160,237	-	29,353	(130,884)
Board of education	72,600	-	-	(72,600)
Administration	649,506	-	1,998	(647,508)
Fiscal	253,224	-	-	(253,224)
Business	18,350	-	-	(18,350)
Operations and maintenance	775,518	3,242	148,925	(623,351)
Pupil transportation	452,631	9,580	43,157	(399,894)
Central	41,537	-	15,335	(26,202)
Operation of non-instructional services:				
Food service operations	207,424	6,572	149,042	(51,810)
Other non-instructional services	16,115	-	817	(15,298)
Extracurricular activities	202,329	40,681	3,081	(158,567)
Interest and fiscal charges	5,517	-	-	(5,517)
Total governmental activities	<u>\$ 8,030,500</u>	<u>\$ 558,325</u>	<u>\$ 1,414,142</u>	<u>(6,058,033)</u>
General revenues:				
Property taxes levied for:				
General purposes				2,649,655
Debt service				62,408
Capital outlay				108,431
Classroom facilities maintenance				9,465
Grants and entitlements not restricted to specific programs				4,118,432
Investment earnings				8,758
Miscellaneous				41,933
Total general revenues				<u>6,999,082</u>
Change in net position				941,049
Net position at beginning of year				<u>5,859,853</u>
Net position at end of year				<u><u>\$ 6,800,902</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 5,409,757	\$ 669,476	\$ 485,509	\$ 6,564,742
Receivables:				
Property taxes	3,054,433	122,392	20,883	3,197,708
Accounts	4,285	-	122	4,407
Accrued interest	379	-	8	387
Intergovernmental	27,750	-	70,772	98,522
Prepayments	10,777	-	110	10,887
Materials and supplies inventory	-	-	122	122
Inventory held for resale	-	-	3,116	3,116
Total assets	<u>\$ 8,507,381</u>	<u>\$ 791,868</u>	<u>\$ 580,642</u>	<u>\$ 9,879,891</u>
Liabilities:				
Accounts payable	\$ 40,902	\$ -	\$ 13,515	\$ 54,417
Contracts payable	-	345,763	-	345,763
Accrued wages and benefits payable	341,235	-	36,798	378,033
Compensated absences payable	24,743	-	-	24,743
Intergovernmental payable	20,134	-	453	20,587
Pension obligation payable	77,842	-	11,637	89,479
Total liabilities	<u>504,856</u>	<u>345,763</u>	<u>62,403</u>	<u>913,022</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,639,290	105,758	18,045	2,763,093
Delinquent property tax revenue not available	391,972	15,706	2,680	410,358
Intergovernmental revenue not available	844	-	2	846
Total deferred inflows of resources	<u>3,032,106</u>	<u>121,464</u>	<u>20,727</u>	<u>3,174,297</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	122	122
Prepays	10,777	-	110	10,887
Unclaimed monies	374	-	-	374
Restricted:				
Debt service	-	-	158	158
Capital improvements	-	324,641	-	324,641
Food service operations	-	-	147,603	147,603
State funded programs	-	-	266,636	266,636
Federally funded programs	-	-	11,429	11,429
Extracurricular	-	-	71,454	71,454
Committed:				
Termination benefits	169,988	-	-	169,988
Assigned:				
Student instruction	22,178	-	-	22,178
Student and staff support	247,323	-	-	247,323
School supplies	1,443	-	-	1,443
Unassigned	<u>4,518,336</u>	<u>-</u>	<u>-</u>	<u>4,518,336</u>
Total fund balances	<u>4,970,419</u>	<u>324,641</u>	<u>497,512</u>	<u>5,792,572</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,507,381</u>	<u>\$ 791,868</u>	<u>\$ 580,642</u>	<u>\$ 9,879,891</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		\$ 5,792,572
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,997,263
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 410,358	
Intergovernmental receivable	846	
Total		411,204
Unamortized discounts on bonds issued are not recognized in the funds.		752
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(287)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	1,208,581	
Deferred inflows - pension	(400,801)	
Net pension liability	(7,073,694)	
Deferred outflows - OPEB	183,792	
Deferred inflows - OPEB	(796,100)	
Net OPEB asset	405,376	
Net OPEB liability	(511,982)	
Total		(6,984,828)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy conservation improvement bonds	(110,000)	
Capital lease obligations	(20,202)	
Compensated absences	(285,572)	
Total		(415,774)
Net position of governmental activities		<u><u>\$ 6,800,902</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 2,600,704	\$ 107,509	\$ 95,165	\$ 2,803,378
Intergovernmental	4,298,238	15,661	1,214,148	5,528,047
Investment earnings	11,868	-	539	12,407
Tuition and fees	498,250	-	-	498,250
Extracurricular	2,559	-	47,702	50,261
Rental income	2,000	-	-	2,000
Charges for services	-	-	7,814	7,814
Contributions and donations	520	-	3,769	4,289
Miscellaneous	41,413	-	122	41,535
Total revenues	<u>7,455,552</u>	<u>123,170</u>	<u>1,369,259</u>	<u>8,947,981</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,264,131	-	304,828	3,568,959
Special	754,129	-	291,311	1,045,440
Support services:				
Pupil	246,460	-	74,674	321,134
Instructional staff	133,704	-	29,325	163,029
Board of education	72,345	-	-	72,345
Administration	622,684	-	1,978	624,662
Fiscal	244,049	2,017	1,425	247,491
Business	8,422	-	-	8,422
Operations and maintenance	610,296	13,766	64,116	688,178
Pupil transportation	360,078	55,000	56,437	471,515
Central	26,132	-	15,285	41,417
Operation of non-instructional services:				
Food service operations	-	-	199,552	199,552
Other non-instructional services	120	-	1,809	1,929
Extracurricular activities	132,287	-	60,942	193,229
Facilities acquisition and construction	-	345,763	93,358	439,121
Debt service:				
Principal retirement	9,995	-	195,000	204,995
Interest and fiscal charges	1,764	-	6,192	7,956
Total expenditures	<u>6,486,596</u>	<u>416,546</u>	<u>1,396,232</u>	<u>8,299,374</u>
Excess (deficiency) of revenues over (under) expenditures	<u>968,956</u>	<u>(293,376)</u>	<u>(26,973)</u>	<u>648,607</u>
Other financing sources (uses):				
Transfers in	-	38,294	30,467	68,761
Transfers (out)	-	-	(68,761)	(68,761)
Total other financing sources (uses)	<u>-</u>	<u>38,294</u>	<u>(38,294)</u>	<u>-</u>
Net change in fund balances	968,956	(255,082)	(65,267)	648,607
Fund balances at beginning of year	4,001,463	579,723	563,571	5,144,757
Change in reserve for inventory	-	-	(792)	(792)
Fund balances at end of year	<u>\$ 4,970,419</u>	<u>\$ 324,641</u>	<u>\$ 497,512</u>	<u>\$ 5,792,572</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds	\$	648,607
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 622,482	
Current year depreciation	<u>(366,932)</u>	
Total		255,550
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(52,652)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(792)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	26,581	
Earnings on investments	(3,110)	
Intergovernmental	<u>(459)</u>	
Total		23,012
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		204,995
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	459	
Amortization of bond premiums	3,374	
Amortization of bond discounts	(139)	
Amortization of deferred charges	<u>(1,255)</u>	
Total		2,439
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	503,106	
OPEB	<u>16,305</u>	
Total		519,411
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(712,382)	
OPEB	<u>36,738</u>	
Total		(675,644)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>16,123</u>
Change in net position of governmental activities	\$	941,049

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 1,797,427	\$ 1,939,758	\$ 1,939,758	\$ -
Intergovernmental	3,943,422	4,194,849	4,194,849	-
Investment earnings	25,000	21,163	21,163	-
Tuition and fees	383,055	497,935	497,935	-
Rental income	2,000	2,000	2,000	-
Contributions and donations	-	20	20	-
Miscellaneous	11,000	41,413	41,413	-
Total revenues	<u>6,161,904</u>	<u>6,697,138</u>	<u>6,697,138</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,158,124	2,933,673	2,900,200	33,473
Special	763,495	786,554	782,931	3,623
Vocational	17,986	9,519	9,519	-
Support services:				
Pupil	240,521	257,208	250,950	6,258
Instructional staff	125,851	175,699	166,958	8,741
Board of education	58,013	64,362	78,032	(13,670)
Administration	653,113	652,672	638,676	13,996
Fiscal	234,813	238,453	234,929	3,524
Business	22,238	21,749	20,497	1,252
Operations and maintenance	423,545	406,588	386,094	20,494
Pupil transportation	277,749	272,958	256,751	16,207
Central	10,564	14,298	11,304	2,994
Operation of non-instructional services:				
Other non-instructional services	120	120	120	-
Extracurricular activities	139,379	129,615	129,115	500
Total expenditures	<u>6,125,511</u>	<u>5,963,468</u>	<u>5,866,076</u>	<u>97,392</u>
Excess of revenues over expenditures	<u>36,393</u>	<u>733,670</u>	<u>831,062</u>	<u>97,392</u>
Other financing sources (uses):				
Refund of prior year's expenditures	16,000	20,643	20,643	-
Transfers (out)	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(84,000)</u>	<u>(79,357)</u>	<u>(79,357)</u>	<u>-</u>
Net change in fund balance	(47,607)	654,313	751,705	97,392
Fund balance at beginning of year	4,091,179	4,091,179	4,091,179	-
Prior year encumbrances appropriated	86,760	86,760	86,760	-
Fund balance at end of year	<u>\$ 4,130,332</u>	<u>\$ 4,832,252</u>	<u>\$ 4,929,644</u>	<u>\$ 97,392</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
Additions:	
Extracurricular collections for OHSAA	\$ 1,708
Deductions:	
Extracurricular distributions to OHSAA	<u>\$ 1,708</u>
Change in net position	-
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Bristol Local School District (the "District") is located in Trumbull County and encompasses all of the Village of Bristol and all or part of surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates one comprehensive K-12 school. The District is staffed by 25 non-certified and 43 certified teaching personnel and 4 administrators who provide services to approximately 559 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

JOINTLY GOVERNED ORGANIZATION

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was not represented on the Governing Board during fiscal year 2021. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

PUBLIC ENTITY RISK POOLS

Trumbull County Schools Employee Insurance Benefit Consortium Association

The Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium") is a shared risk pool comprised of sixteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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 Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan'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 designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Fund Accounting

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

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.

Permanent improvement fund - The permanent improvement fund is used to account for all transactions related to the acquisition or construction of permanent improvements.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

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.

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

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

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Note 13 and Note 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

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

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

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Although the legal level of budgeting control was established at the fund level of expenditures for the General fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditure. Any budgetary modifications at the fund level may only be made by resolution of the Board of Education.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

F. Cash and Investments

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

During fiscal year 2021, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and U.S. Government money market accounts. Investments are reported at fair value which is based on quoted market prices.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

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.

For fiscal year 2021, 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 \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$11,868, which includes \$1,748 assigned from other District funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

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

Inventory consists of expendable supplies, donated food and purchased food.

H. Capital Assets

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method and is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least 15 years of service regardless of their age were considered expected to become eligible in accordance with GASB Statement No. 16.

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

K. Fund Balance

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

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

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

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

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

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

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

L. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service and a special trust.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

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

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

N. Estimates

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

O. Interfund Activity

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

P. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums and discounts are presented as an addition or reduction to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs, bond premiums and bond discounts are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10 A.

Q. Extraordinary and Special Items

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

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

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

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

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.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of the 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 items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$162,707 based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", and as of June 30, 2021, the bank balance of all District deposits was \$165,753. The District's entire bank balance was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2021, the District's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

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

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity 6 months or less</u>
<i>Fair Value:</i>		
U.S. Government Money Market	\$ 1,013,214	\$ 1,013,214
<i>Amortized Cost:</i>		
STAR Ohio	<u>5,388,821</u>	<u>5,388,821</u>
Total	<u>\$ 6,402,035</u>	<u>\$ 6,402,035</u>

The weighted average maturity of investments is 0 days.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

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: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2021:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
U.S. Government Money Market	\$ 1,013,214	15.83
<i>Amortized Cost:</i>		
STAR Ohio	<u>5,388,821</u>	<u>84.17</u>
Total	<u>\$ 6,402,035</u>	<u>100.00</u>

C. 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 and cash equivalents as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$	162,707
Investments		<u>6,402,035</u>
Total	\$	<u>6,564,742</u>
<u>Cash and cash equivalents per statement of net position</u>		
Governmental activities	\$	<u>6,564,742</u>
Total	\$	<u>6,564,742</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers consisted of the following at June 30, 2021, as reported on the fund statements:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
Nonmajor governmental funds	Permanent improvement fund	\$ 38,294
Nonmajor governmental funds	Nonmajor governmental funds	<u>30,467</u>
		<u>\$ 68,761</u>

Transfers for the fiscal year ended June 30, 2021 consist of a \$30,467 transfer from the classroom facilities fund (a nonmajor governmental fund) to the bond retirement fund (a nonmajor governmental fund) for the close-out of the classroom facilities fund and a \$38,294 transfer from the bond retirement fund (a nonmajor governmental fund) to the permanent improvement fund for the close-out of the bond retirement fund.

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

Interfund transfers between governmental funds are eliminated on the government-wide statement of activities.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District's 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 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, 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 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$23,171 in the general fund, \$158 in the bond retirement fund (a nonmajor governmental fund), and \$928 in the permanent improvement fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2020 was \$27,224 in the general fund, \$1,670 in the bond retirement fund (a nonmajor governmental fund), \$1,173 in the permanent improvement fund (a nonmajor governmental fund) and \$392 in the classroom facilities maintenance fund (a nonmajor governmental fund). 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.

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

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 94,741,010	95.98	\$ 108,571,890	96.11
Public utility personal	<u>3,967,110</u>	<u>4.02</u>	<u>4,390,280</u>	<u>3.89</u>
Total	<u>\$ 98,708,120</u>	<u>100.00</u>	<u>\$ 112,962,170</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$50.45		\$47.35	

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 8 - CAPITAL ASSETS

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

	Balance 06/30/20	Additions	Deductions	Balance 06/30/21
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 178,569	\$ -	\$ (10,209)	\$ 168,360
Construction in progress	-	267,750	-	267,750
Total capital assets, not being depreciated	<u>178,569</u>	<u>267,750</u>	<u>(10,209)</u>	<u>436,110</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	21,826	-	-	21,826
Buildings and improvements	12,128,806	171,371	(65,934)	12,234,243
Furniture and equipment	784,686	96,326	(157,947)	723,065
Vehicles	830,282	87,035	(213,335)	703,982
Total capital assets, being depreciated	<u>13,765,600</u>	<u>354,732</u>	<u>(437,216)</u>	<u>13,683,116</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(21,826)	-	-	(21,826)
Buildings and improvements	(4,922,571)	(273,003)	23,491	(5,172,083)
Furniture and equipment	(614,539)	(34,158)	157,947	(490,750)
Vehicles	(590,868)	(59,771)	213,335	(437,304)
Total accumulated depreciation	<u>(6,149,804)</u>	<u>(366,932)</u>	<u>394,773</u>	<u>(6,121,963)</u>
Governmental activities capital assets, net	<u>\$ 7,794,365</u>	<u>\$ 255,550</u>	<u>\$ (52,652)</u>	<u>\$ 7,997,263</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 202,208
Special	13,763
<u>Support service:</u>	
Pupil	1,675
Instructional staff	8,545
Administration	8,055
Business	9,928
Operations and maintenance	43,680
Pupil transportation	60,947
Other non-instructional services	14,186
Extracurricular activities	509
Food service operations	3,436
Total depreciation expense	<u>\$ 366,932</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2018, the District entered into capital leases for copier equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$49,640. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position. Principal and interest payments in the 2021 fiscal year totaled \$9,995 and \$1,764, respectively, paid by the general fund. Accumulated depreciation on the capital assets acquired under the leases at June 30, 2021 was \$34,748, leaving a book value of \$14,892.

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, 2021:

Fiscal Year Ending June 30,	Amount
2022	\$ 11,759
2023	9,799
Total minimum lease payments	<u>21,558</u>
Less: Amount representing interest	<u>(1,356)</u>
Total	<u>\$ 20,202</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

<u>Governmental activities:</u>	Balance 06/30/20	Increases	Decreases	Balance 06/30/21	Amount Due Within One Year
<u>General obligation bonds</u>					
Energy conservation bonds - series 2012	\$ 125,000	\$ -	\$ (15,000)	\$ 110,000	\$ 15,000
Classroom facilities improvement refunding bonds:					
Current interest refunding serial bonds - series 2010	<u>180,000</u>	-	<u>(180,000)</u>	-	-
Total general obligation bonds	<u>305,000</u>	-	<u>(195,000)</u>	<u>110,000</u>	<u>15,000</u>
Capital lease obligation	30,197	-	(9,995)	20,202	10,704
Compensated absences	411,758	36,304	(137,747)	310,315	64,529
Net pension liability	6,599,646	474,048	-	7,073,694	-
Net OPEB liability	<u>569,062</u>	-	<u>(57,080)</u>	<u>511,982</u>	-
Total long-term obligations	<u>\$ 7,915,663</u>	<u>\$ 510,352</u>	<u>\$ (399,822)</u>	<u>8,026,193</u>	<u>\$ 90,233</u>
Less: Unamortized discount on bonds - 2012				<u>(752)</u>	
Total reported on statement of net position				<u>\$ 8,025,441</u>	

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which for the District, is primarily the general fund and food service fund (a nonmajor governmental fund).

Capital lease obligation: See Note 9 for detail.

Net Pension Liability: See Note 13 for detail. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: See Note 14 for detail. The District pays obligations related to employee compensation from the fund benefitting from their service.

Energy Conservation Bonds - Series 2012: On June 14, 2012, the District issued \$240,000 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of current interest bonds, par value \$240,000. The interest rates on the current interest bonds range from 1.80% - 3.125%. The bonds have a final maturity date of December 1, 2026.

Classroom Facilities Improvement Refunding Bonds - Series 2010 - On September 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to currently refund the callable portion of the series 1997 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

This refunding issue is comprised of both current interest bonds (consisting of \$1,195,000 of serial bonds and \$290,000 of term bonds) and capital appreciation bonds, in the amount of \$44,999. The interest rate on the current interest bonds ranged from 1.00% to 2.80%. The bonds were issued for a ten year period, with final maturity during fiscal year 2021. The bonds will be retired through the debt service fund (a nonmajor governmental fund). The capital appreciation bonds matured December 1, 2015 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date.

Interest payments on the serial and term current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue was December 1, 2020 and December 1, 2017, respectively.

The \$290,000 current interest term bonds matured on December 1, 2017, shall bear interest at the rate of 2.20% per year and be subject to mandatory sinking fund redemption on December 1, 2016 (Mandatory Redemption Date), in the principal amount of \$145,000 (with the balance of \$145,000 to be paid at maturity on December 1, 2017).

The reacquisition price exceeded the net carrying amount of the old debt by \$30,730. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

The following is a summary of the District's future debt service requirements to maturity for the energy conservation bonds:

Fiscal Year Ending June 30,	Energy Conservation Bonds - Series 2012		
	Principal	Interest	Total
2022	\$ 15,000	\$ 3,203	\$ 18,203
2023	15,000	2,734	17,734
2024	20,000	2,188	22,188
2025	20,000	1,563	21,563
2026	20,000	937	20,937
2027	20,000	313	20,313
Total	<u>\$ 110,000</u>	<u>\$ 10,938</u>	<u>\$ 120,938</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$10,056,753 (including available funds of \$158), an unvoted debt margin of \$112,962, and an energy conservation debt margin of \$906,660.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-two days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement during the first year of eligibility, payment is made for one-third of the total sick leave accumulation, up to a maximum accumulation of eighty days for both certificated and classified employees. Upon retirement after the first year of eligibility, payment is made for one-third of the total sick leave accumulation, up to a maximum of eighty days, plus 15 percent of accrued sick leave over the maximum days accrued. An employee receiving such payment must meet the retirement provisions set by State Teachers Retirement System of Ohio and School Employees Retirement System.

B. Insurance Benefits

The District provides health, dental, vision and life insurance coverage for employees through the Trumbull County Schools Employee Insurance Benefit Consortium Association. The health and vision insurance coverage is administered by Medical Mutual of Ohio, a third-party administrator. Dental coverage is provided by Delta Dental. Voya Financial provides the life insurance coverage. The District pays the insurance premiums, as a fringe benefit for the employees.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, and general liability.

Vehicle policies include liability coverage for bodily injury and property damage. The liability limits are \$15,000,000 for each accident, medical payments of \$10,000 for owned autos, and uninsured/underinsured motorist of \$1,000,000 for each accident with a collision deductible of \$1,000.

The property damage per occurrence limit is \$28,837,685.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 12 - RISK MANAGEMENT - (Continued)

The District liability policy has a limit of \$15,000,000 for each occurrence and \$17,000,000 aggregate.

Settled claims resulting from these risks have not exceeded coverage in any of the prior three fiscal years.

There have been no significant reductions in amounts of insurance coverage from the prior fiscal year.

B. Health Insurance

The District has joined together with other school districts in the state to form the Trumbull County Schools Employee Insurance Benefit Consortium Association, a public entity risk pool currently operating as a common risk management and insurance program for 17-member school districts in Trumbull County. The District pays a monthly premium to Trumbull County School Insurance Consortium Association for its insurance coverage. It is intended that the Trumbull County School Insurance Consortium Association (the "Consortium") will be self-supporting through member premiums. The Consortium employs reinsurance agreements (stop-loss coverage) to reduce its risk that large losses may be incurred on medical claims. This allows the Consortium to recover a portion of losses on claims from re-insurers, although it does not discharge their primary liability.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

C. OSBA Group Workers' Compensation Rating Plan

For fiscal year 2021, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$113,263 for fiscal year 2021. Of this amount, \$4,220 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to STRS was \$389,843 for fiscal year 2021. Of this amount, \$67,364 is reported as pension and postemployment benefits payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.02192000%	0.02391263%	
Proportion of the net pension liability current measurement date	<u>0.02256760%</u>	<u>0.02306548%</u>	
Change in proportionate share	<u>0.00064760%</u>	<u>-0.00084715%</u>	
Proportionate share of the net pension liability	\$ 1,492,669	\$ 5,581,025	\$ 7,073,694
Pension expense	\$ 132,576	\$ 579,806	\$ 712,382

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 2,900	\$ 12,525	\$ 15,425
Net difference between projected and actual earnings on pension plan investments	94,755	271,406	366,161
Changes of assumptions	-	299,594	299,594
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	24,295	-	24,295
Contributions subsequent to the measurement date	<u>113,263</u>	<u>389,843</u>	<u>503,106</u>
Total deferred outflows of resources	<u><u>\$ 235,213</u></u>	<u><u>\$ 973,368</u></u>	<u><u>\$ 1,208,581</u></u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 35,687	\$ 35,687
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>23,864</u>	<u>341,250</u>	<u>365,114</u>
Total deferred inflows of resources	<u><u>\$ 23,864</u></u>	<u><u>\$ 376,937</u></u>	<u><u>\$ 400,801</u></u>

\$503,106 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (8,686)	\$ 65,945	\$ 57,259
2023	37,608	(6,420)	31,188
2024	39,495	61,269	100,764
2025	29,668	85,793	115,461
2026	<u>1</u>	<u>1</u>	<u>2</u>
Total	<u><u>\$ 98,086</u></u>	<u><u>\$ 206,588</u></u>	<u><u>\$ 304,674</u></u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,044,774	\$ 1,492,669	\$ 1,029,442

Actuarial Assumptions - STRS

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

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 7,946,409	\$ 5,581,025	\$ 3,576,560

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$16,305.

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 \$16,305 for fiscal year 2021. Of this amount, \$16,305 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.02262860%	0.02391263%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.02355750%</u>	<u>0.02306548%</u>	
Change in proportionate share	<u>0.00092890%</u>	<u>-0.00084715%</u>	
Proportionate share of the net OPEB liability	\$ 511,982	\$ -	\$ 511,982
Proportionate share of the net OPEB asset	\$ -	\$ (405,376)	\$ (405,376)
OPEB expense	\$ (8,045)	\$ (28,693)	\$ (36,738)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 6,724	\$ 25,976	\$ 32,700
Net difference between projected and actual earnings on OPEB plan investments	5,767	14,204	19,971
Changes of assumptions	87,274	6,692	93,966
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	20,850	-	20,850
Contributions subsequent to the measurement date	<u>16,305</u>	<u>-</u>	<u>16,305</u>
Total deferred outflows of resources	<u>\$ 136,920</u>	<u>\$ 46,872</u>	<u>\$ 183,792</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 260,379	\$ 80,746	\$ 341,125
Changes of assumptions	12,895	385,040	397,935
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>39,905</u>	<u>17,135</u>	<u>57,040</u>
Total deferred inflows of resources	<u>\$ 313,179</u>	<u>\$ 482,921</u>	<u>\$ 796,100</u>

\$16,305 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (40,035)	\$ (109,272)	\$ (149,307)
2023	(39,620)	(99,657)	(139,277)
2024	(39,686)	(96,285)	(135,971)
2025	(39,148)	(91,080)	(130,228)
2026	(26,675)	(19,971)	(46,646)
Thereafter	<u>(7,400)</u>	<u>(19,784)</u>	<u>(27,184)</u>
Total	<u>\$ (192,564)</u>	<u>\$ (436,049)</u>	<u>\$ (628,613)</u>

Actuarial Assumptions - SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will 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.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

THIS SPACE INTENTIONALLY LEFT BLANK

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 626,653	\$ 511,982	\$ 420,818

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 403,147	\$ 511,982	\$ 657,522

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 352,703	\$ 405,376	\$ 450,066
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 447,292	\$ 405,376	\$ 354,315

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 751,705
Net adjustment for revenue accruals	(13,000)
Net adjustment for expenditure accruals	88,522
Net adjustment for other sources/uses	79,357
Funds budgeted elsewhere	(41,728)
Adjustment for encumbrances	<u>104,100</u>
GAAP basis	<u>\$ 968,956</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, emergency levy fund, public school support fund, termination benefits, and District agency fund.

NOTE 16 - 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.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 16 - CONTINGENCIES - (Continued)

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

NOTE 17 - SET ASIDES

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, 2020	\$ -
Current year set-aside requirement	100,072
Current year offsets	<u>(122,242)</u>
Total	<u>\$ (22,170)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

During fiscal year 1998, the District issued \$2,333,870 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$1,738,309 at June 30, 2021.

THIS SPACE INTENTIONALLY LEFT BLANK

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end 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>Fund Type</u>	Year-End <u>Encumbrances</u>
General	\$ 115,837
Permanent improvement	141,473
Nonmajor governmental	<u>8,434</u>
Total	<u>\$ 265,744</u>

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 2021, the District had the following contractual commitments outstanding:

<u>Vendor</u>	Total <u>Contract</u>	Amount <u>Paid</u>	Remaining Commitment <u>June 30, 2021</u>
Gardiner	\$ 315,000	\$ 93,358	\$ 221,642
Duro-Last	<u>171,371</u>	<u>-</u>	<u>171,371</u>
Total	<u>\$ 486,371</u>	<u>\$ 93,358</u>	<u>\$ 393,013</u>

NOTE 20 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 21 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$115,303 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.02256760%	0.02192000%	0.02417280%	0.02382770%
District's proportionate share of the net pension liability	\$ 1,492,669	\$ 1,311,512	\$ 1,384,421	\$ 1,423,652
District's covered payroll	\$ 801,764	\$ 764,437	\$ 815,985	\$ 782,743
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.17%	171.57%	169.66%	181.88%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.02473140%	0.02596250%	0.02563900%	0.02563900%
\$ 1,810,110	\$ 1,481,445	\$ 1,297,575	\$ 1,524,669
\$ 753,579	\$ 781,608	\$ 745,007	\$ 764,184
240.20%	189.54%	174.17%	199.52%
62.98%	69.16%	71.70%	65.52%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.02306548%	0.02391263%	0.02524616%	0.02525449%
District's proportionate share of the net pension liability	\$ 5,581,025	\$ 5,288,134	\$ 5,551,064	\$ 5,999,258
District's covered payroll	\$ 2,780,414	\$ 2,767,421	\$ 2,890,071	\$ 2,819,007
District's proportionate share of the net pension liability as a percentage of its covered payroll	200.73%	191.09%	192.07%	212.81%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.02566246%	0.02579498%	0.02626187%	0.02626187%
\$ 8,589,999	\$ 7,128,978	\$ 6,387,796	\$ 7,609,100
\$ 2,710,271	\$ 2,720,350	\$ 2,683,238	\$ 2,756,515
316.94%	262.06%	238.06%	276.04%
66.80%	72.10%	74.70%	69.30%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 113,263	\$ 112,247	\$ 103,199	\$ 110,158
Contributions in relation to the contractually required contribution	<u>(113,263)</u>	<u>(112,247)</u>	<u>(103,199)</u>	<u>(110,158)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 809,021	\$ 801,764	\$ 764,437	\$ 815,985
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 109,584	\$ 105,501	\$ 103,016	\$ 103,258	\$ 105,763	\$ 102,819
<u>(109,584)</u>	<u>(105,501)</u>	<u>(103,016)</u>	<u>(103,258)</u>	<u>(105,763)</u>	<u>(102,819)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 782,743	\$ 753,579	\$ 781,608	\$ 745,007	\$ 764,184	\$ 764,454
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 389,843	\$ 389,258	\$ 387,439	\$ 404,610
Contributions in relation to the contractually required contribution	<u>(389,843)</u>	<u>(389,258)</u>	<u>(387,439)</u>	<u>(404,610)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,784,593	\$ 2,780,414	\$ 2,767,421	\$ 2,890,071
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 394,661	\$ 379,438	\$ 380,849	\$ 348,821	\$ 358,347	\$ 365,528
<u>(394,661)</u>	<u>(379,438)</u>	<u>(380,849)</u>	<u>(348,821)</u>	<u>(358,347)</u>	<u>(365,528)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,819,007	\$ 2,710,271	\$ 2,720,350	\$ 2,683,238	\$ 2,756,515	\$ 2,811,754
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.02355750%	0.02262860%	0.02455940%	0.02431280%	0.02511637%
District's proportionate share of the net OPEB liability	\$ 511,982	\$ 569,062	\$ 681,344	\$ 652,492	\$ 715,909
District's covered payroll	\$ 801,764	\$ 764,437	\$ 815,985	\$ 782,743	\$ 753,579
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.86%	74.44%	83.50%	83.36%	95.00%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.02306548%	0.02391263%	0.02524616%	0.02525449%	0.02566246%
District's proportionate share of the net OPEB liability/(asset)	\$ (405,376)	\$ (396,050)	\$ (405,680)	\$ 985,337	\$ 1,372,435
District's covered payroll	\$ 2,780,414	\$ 2,767,421	\$ 2,890,071	\$ 2,819,007	\$ 2,710,271
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.58%	14.31%	14.04%	34.95%	50.64%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 16,305	\$ 15,792	\$ 18,407	\$ 17,508
Contributions in relation to the contractually required contribution	<u>(16,305)</u>	<u>(15,792)</u>	<u>(18,407)</u>	<u>(17,508)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 809,021	\$ 801,764	\$ 764,437	\$ 815,985
Contributions as a percentage of covered payroll	2.02%	1.97%	2.41%	2.15%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 13,867	\$ 12,940	\$ 19,542	\$ 14,411	\$ 12,894	\$ 15,876
<u>(13,867)</u>	<u>(12,940)</u>	<u>(19,542)</u>	<u>(14,411)</u>	<u>(12,894)</u>	<u>(15,876)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 782,743	\$ 753,579	\$ 781,608	\$ 745,007	\$ 764,184	\$ 764,454
1.77%	1.72%	2.50%	1.93%	1.69%	2.08%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,784,593	\$ 2,780,414	\$ 2,767,421	\$ 2,890,071
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 27,738	\$ 27,565	\$ 28,118
-	-	-	(27,738)	(27,565)	(28,118)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,819,007	\$ 2,710,271	\$ 2,720,350	\$ 2,683,238	\$ 2,756,515	\$ 2,811,754
0.00%	0.00%	0.00%	1.03%	1.00%	1.00%

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)**

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(SEE ACCOUNTANT'S COMPILATION REPORT)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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