



OHIO AUDITOR OF STATE
KEITH FABER



**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Prepared by Management:	
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – Schoolwide Pool Fund.....	20
Statement of Fund Net Position - Proprietary Fund.....	21
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund.....	22
Statement of Cash Flows - Proprietary Fund.....	23
Statement of Fiduciary Net Position - Fiduciary Funds	24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	25
Notes to the Basic Financial Statements.....	27
Required Supplementary Information:	
Schedule of the School District’s Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio	68
Schedule of the School District’s Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio	70

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2020**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Prepared by Management (Continued):	
Schedule of the School District's Proportionate Share of the Net OPEB Liability State Employees Retirement System of Ohio.....	72
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability State Teachers Retirement System of Ohio	73
Schedule of School District Contributions – School Employees Retirement System of Ohio	74
Schedule of School District Contributions – State Teachers Retirement System of Ohio	76
Notes to Required Supplementary Information	78
Schedule of Expenditures of Federal Awards	81
Notes to the Schedule of Expenditures of Federal Awards	82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	83
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	85
Schedule of Findings	87

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Bellaire Local School District
Belmont County
340 34th Street
Bellaire, Ohio 43906

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellaire Local City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2021, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2021

This page intentionally left blank.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The discussion and analysis of Bellaire Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- Net position increased \$2,742,847.
- General revenues accounted for \$16,829,834 in revenue or approximately 77 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$5,017,735 or approximately 23 percent of total revenues of \$21,847,569.
- Total assets of governmental activities increased \$2,266,750, primarily due to increases in cash and cash equivalents. Total liabilities of governmental activities decreased by \$437,329, primarily due to decreases in the long-term debt obligations.
- The School District had \$19,104,722 in expenses related to governmental activities; only \$5,017,735 of these expenses were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General revenues of \$16,829,834 were adequate to provide for these programs.
- Total Governmental Funds had \$22,392,857 in revenues and \$18,292,988 in expenditures. Overall, including other financing sources and uses, total governmental fund balances increased \$4,109,723.

Using this Annual Financial Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting accounts for all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District's activities are all considered to be Governmental Activities including; instruction, support services, operation and maintenance of plant, pupil transportation, food service, debt service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are, the General Fund and the Schoolwide Pool Special Revenue Fund.

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

Reporting the District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for a scholarship program. This activity is presented as a private purpose-trust fund. The School District also acts as custodian of funds for organizations and other government units. These activities are reported as custodial funds. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1, presented as follows, provides a summary of the School District's net position for fiscal year 2020 compared to fiscal year 2019.

Table 1
Net Position

	2020	2019	Change
Assets			
Current and Other Assets	\$31,397,428	\$28,246,706	\$3,150,722
Net OPEB Assets	619,083	577,201	41,882
Capital Assets	16,747,604	17,673,458	(925,854)
<i>Total Assets</i>	<u>48,764,115</u>	<u>46,497,365</u>	<u>2,266,750</u>
Deferred Outflows of Resources			
Pension	2,756,013	3,428,433	(672,420)
OPEB	412,179	340,042	72,137
<i>Total Deferred Outflows of Resources</i>	<u>3,168,192</u>	<u>3,768,475</u>	<u>(600,283)</u>
Liabilities			
Current and Other Liabilities	1,875,989	1,696,138	179,851
Long-Term Liabilities:			
Due Within One Year	185,339	462,940	(277,601)
Due in More Than One Year:			
Net Pension Liability	11,784,209	11,374,746	409,463
Net OPEB Liability	1,501,767	1,696,813	(195,046)
Other Amounts	6,684,009	7,238,005	(553,996)
<i>Total Liabilities</i>	<u>22,031,313</u>	<u>22,468,642</u>	<u>(437,329)</u>
Deferred Inflows of Resources			
Property Taxes	5,145,653	5,410,068	(264,415)
Pension	1,246,959	1,742,076	(495,117)
OPEB	1,373,066	1,252,585	120,481
<i>Total Deferred Inflows of Resources</i>	<u>7,765,678</u>	<u>8,404,729</u>	<u>(639,051)</u>
Net Position			
Net Investment in Capital Assets	10,734,357	10,764,445	(30,088)
Restricted	6,828,927	6,782,668	46,259
Unrestricted (Deficit)	4,572,032	1,845,356	2,726,676
<i>Total Net Position</i>	<u>\$22,135,316</u>	<u>\$19,392,469</u>	<u>\$2,742,847</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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.

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.

Total assets of governmental activities increased \$2,266,750. Currents assets increased \$3,150,722 primarily due to increases in cash and cash equivalents. The School District has maintained consistent spending levels while property tax revenues have increased primarily due to increases in the assessed valuation of public utility personal property. Capital assets decreased \$925,854 due to annual depreciation exceeding capital asset additions.

The School District's total liabilities decreased \$437,329. Current and other liabilities increased \$179,851 primarily due to increases in claims payable. Long-term liabilities decreased \$617,180, primarily due to the School District calling the remaining 2009 School Improvement Refunding General Obligation Bonds, which was offset by an increase in the net pension liability.

In order to further understand what makes up the changes in net position for the current year, the following tables give readers further details regarding the results of activities for 2020 and 2019.

Table 2
Changes in Net Position

	2020	2019	Change
Revenues			
Program Revenue:			
Charges for Services and Sales	\$2,011,946	\$1,971,356	\$40,590
Operating Grants and Contributions	2,965,789	2,654,909	310,880
Capital Grants and Contributions	40,000	0	40,000
<i>Total Program Revenue</i>	<u>5,017,735</u>	<u>4,626,265</u>	<u>391,470</u>
General Revenues:			
Property Taxes	6,898,310	6,820,707	77,603
Grants and Entitlements	8,885,444	9,298,621	(413,177)
Gifts and Donations	15,361	15,421	(60)
Investments Earnings	616,049	337,117	278,932
Miscellaneous	414,670	101,889	312,781
<i>Total General Revenue</i>	<u>16,829,834</u>	<u>16,573,755</u>	<u>256,079</u>
<i>Total Revenues</i>	<u>\$21,847,569</u>	<u>\$21,200,020</u>	<u>\$647,549</u>

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 2
Changes in Net Position (Continued)

	2020	2019	Change
Program Expenses			
Instruction:			
Regular	\$7,298,980	\$6,816,586	\$482,394
Special	3,633,721	2,459,029	1,174,692
Vocational	67,597	47,510	20,087
Student Intervention Services	157,477	219,380	(61,903)
Support Services:			
Pupils	1,296,041	977,044	318,997
Instructional Staff	395,656	400,729	(5,073)
Board of Education	32,230	22,845	9,385
Administration	1,359,311	1,132,255	227,056
Fiscal	500,880	551,193	(50,313)
Business	24,052	21,552	2,500
Operation and Maintenance of Plant	1,984,656	1,946,477	38,179
Pupil Transportation	1,148,016	1,239,262	(91,246)
Central	92,006	70,969	21,037
Operation of Non-Instructional Services	4,137	101,698	(97,561)
Food Service Operations	630,409	537,504	92,905
Extracurricular Activities	471,194	419,102	52,092
Interest and Fiscal Charges	8,359	26,407	(18,048)
<i>Total Expenses</i>	<u>19,104,722</u>	<u>16,989,542</u>	<u>2,115,180</u>
Change in Net Position	2,742,847	4,210,478	(1,467,631)
<i>Net Position Beginning of Year</i>	<u>19,392,469</u>	<u>15,181,991</u>	<u>4,210,478</u>
<i>Net Position End of Year</i>	<u>\$22,135,316</u>	<u>\$19,392,469</u>	<u>\$2,742,847</u>

In fiscal year 2020, 32 percent of the School District's revenues were from property taxes, and 41 percent were from unrestricted grants and entitlements. Charges for services program revenue increased \$40,590 primarily due to increases in tuition and fees. Operating grants and contributions program revenue increased \$310,880 from the prior fiscal year primarily due to increases in program specific State funding and federal grant funding. Capital grants and contributions program revenue increased \$40,000 due to a Bureau of Workers' Compensation grant.

Instruction comprises approximately 58 percent of total governmental program expenses. Of the instructional expenses approximately 65 percent is for regular instruction, approximately 33 percent is for special instruction, with vocational instruction and student intervention services comprising the remaining 2 percent. Overall program expenses increased over the prior fiscal year in the amount of \$2,115,180. The largest component of the increase in program expense is for special instruction.

The Statement of Activities shows the cost of program services and the charges for services and sales, operating grants and contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2020 compared to fiscal year 2019. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 3

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Program Expenses				
Instruction:				
Regular	\$7,298,980	\$6,816,586	\$5,960,949	\$5,392,925
Special	3,633,721	2,459,029	1,964,551	962,080
Vocational	67,597	47,510	53,845	33,758
Student Intervention Services	157,477	219,380	155,418	217,338
Support Services:				
Pupils	1,296,041	977,044	320,577	525,489
Instructional Staff	395,656	400,729	384,039	389,671
Board of Education	32,230	22,845	32,230	22,845
Administration	1,359,311	1,132,255	1,297,671	1,061,580
Fiscal	500,880	551,193	498,789	546,670
Business	24,052	21,552	24,052	21,552
Operation and Maintenance of Plant	1,984,656	1,946,477	1,816,849	1,783,554
Pupil Transportation	1,148,016	1,239,262	1,148,016	1,239,262
Central	92,006	70,969	92,006	70,969
Operation of Non-Instructional Services	4,137	101,698	(2,062)	1,601
Food Service Operations	630,409	537,504	168,597	(8,528)
Extracurricular Activities	471,194	419,102	163,101	76,104
Interest and Fiscal Charges	8,359	26,407	8,359	26,407
Total Expenses	\$19,104,722	\$16,989,542	\$14,086,987	\$12,363,277

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 74 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had revenues in the amount of \$17,948,948 and expenditures in the amount of \$12,447,014. Including other financing sources and uses, the balance of the General Fund increased \$2,963,985. General Fund total revenues decreased slightly from the prior year, most notably intergovernmental revenues due to decreases in State Foundation related COVID-19's impact on the State Budget, while the increase in expenditures was more significant, most notably for special instruction. The Schoolwide Pool Special Revenue Fund had revenues in the amount of \$556,429 and expenditures in the amount of \$2,183,211. Overall, including other financing sources, the Schoolwide Pool had no change in fund balance.

Budgeting Highlights

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

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

In 2020, there were no changes between the original and final estimated resources, and the original and final appropriations. The actual results of operations were different than the budgeted amounts as actual revenues and actual expenditures were less, in total, than budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020 the School District had \$16,747,604 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

Table 4
Capital Assets Net of Depreciation

	2020	2019
Land	\$718,812	\$718,812
Construction in Progress	102,501	13,247
Land Improvements	919,578	938,309
Buildings and Improvements	13,424,529	14,399,337
Furniture and Equipment	283,435	318,981
Vehicles	1,298,749	1,284,772
Totals	\$16,747,604	\$17,673,458

For more information on capital assets see Note 9 to the basic financial statements.

Debt

At June 30, 2020 the School District had \$6,000,000 in general obligation bonds outstanding.

Table 5 summarizes debt outstanding at June 30, 2020 compared to June 30, 2019:

Table 5
Outstanding Debt at Year End

	2020	2019
2009 School Improvement Refunding Bonds		
Serial Bonds	\$0	\$870,000
Premium	0	39,013
2015 Qualified Zone Academy Bonds	6,000,000	6,000,000
Total	\$6,000,000	\$6,909,013

See Note 14 for more detailed information on the School District's debt and other long-term obligations, including compensated absences, long-term intergovernmental payable, net pension liability, and net OPEB liability.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Economic Factors

The mission statement of the Bellaire Local School District is to “Strive to develop students who will become productive citizens in both school and later in the community. These students will be given the opportunity to develop healthy self-esteem, respectful attitudes, and a skill base that will prepare them to be successful adults.” Approximately 65 percent of the School District’s students are economically disadvantaged and 20 percent are identified as students with disabilities.

Highlighting the year is a separate program, under the direction of the Board of Education, called the STEM Academy. STEM is an acronym for Science, Technology, Engineering, and Mathematics. STEM program focuses on these subjects to help our nation’s youth gain the skills required to succeed in today’s challenging world. This includes the ability to think critically, solve complex problems, and drive advancements in science and technology. Our students will experience a rigorous high school/college-level curriculum, where upon completion they will receive a high school diploma and/or an employable skill certification. This program was made possible through the National Education Foundation and the Qualified Zone Academy Bonds. Its value to the School District is \$1.35 million, over a five year period.

Due to the School District’s focus on alignment, State assessment data, and the improvement of students’ State test scores, the School District has a ½ time instructional coach for professional development. The School District has implemented a one-to-one computer program to assist with additional curriculum enhancements, which will increase student achievement on State Report Cards as well as other state accountability measures. Following the loss of a juvenile court program in fiscal year 2017, the Board of Education restored the School Resource Officer program district wide beginning in fiscal year 2018. The School District has also added additional safety and security enhancements of the School campus.

During fiscal year 2010, the School District was declared in Fiscal Emergency. The School District implemented spending reduction plans as part of the requirements under the fiscal emergency legislation. The School District was released from Fiscal Emergency in April 2017.

The School District passed its most recent levy attempt on May 2, 2017, a 7 year, 2.5 mill emergency operating levy. The Board of Education reinstated both art education and music education for kindergarten through 8th grade during fiscal year 2018.

During fiscal year 2020, the School District was closed during the last few months of the school year due to the COVID-19 pandemic with the students learning remotely. The School District realized decreases in State funding for fiscal year 2020.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have questions about this report or need additional financial information contact Cathy Moore, Treasurer/CFO at Bellaire Local School District, 340 34th Street, Bellaire, Ohio 43906.

Bellaire Local School District

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$21,184,618
Cash and Cash Equivalents in Segregated Accounts	4,489
Intergovernmental Receivable	465,060
Prepaid Items	195,851
Materials and Supplies Inventory	96,663
Property Taxes Receivable	6,673,668
Accounts Receivable	952,950
Cash and Cash Equivalents with Fiscal Agents	125,198
Investments with Fiscal and Escrow Agents	1,698,931
Net OPEB Asset	619,083
Non-Depreciable Capital Assets	821,313
Depreciable Capital Assets, Net	<u>15,926,291</u>
<i>Total Assets</i>	<u>48,764,115</u>
Deferred Outflows of Resources	
Pension	2,756,013
OPEB	<u>412,179</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,168,192</u>
Liabilities	
Accounts Payable	8,335
Contracts Payable	13,247
Accrued Wages and Benefits Payable	970,821
Intergovernmental Payable	408,071
Vacation Benefits Payable	51,770
Claims Payable	423,745
Long-Term Liabilities:	
Due Within One Year	185,339
Due In More Than One Year:	
Net Pension Liability	11,784,209
Net OPEB Liability	1,501,767
Other Amounts	<u>6,684,009</u>
<i>Total Liabilities</i>	<u>22,031,313</u>
Deferred Inflows of Resources	
Property Taxes	5,145,653
Pension	1,246,959
OPEB	<u>1,373,066</u>
<i>Total Deferred Inflows of Resources</i>	<u>7,765,678</u>
Net Position	
Net Investment in Capital Assets	10,734,357
Restricted for:	
Capital Projects	2,626,488
Debt Service	1,698,931
Classroom Facilities Maintenance	1,279,547
State Programs	612,559
Federal Programs	90,180
Food Service	177,550
Student Activity Programs	71,627
Other Purposes	272,045
Unrestricted	<u>4,572,032</u>
<i>Total Net Position</i>	<u><u>\$22,135,316</u></u>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$7,298,980	\$1,045,055	\$292,976	\$0	(\$5,960,949)
Special	3,633,721	0	1,669,170	0	(1,964,551)
Vocational	67,597	0	13,752	0	(53,845)
Student Intervention Services	157,477	0	2,059	0	(155,418)
Support Services:					
Pupils	1,296,041	580,366	395,098	0	(320,577)
Instructional Staff	395,656	0	11,617	0	(384,039)
Board of Education	32,230	0	0	0	(32,230)
Administration	1,359,311	0	61,640	0	(1,297,671)
Fiscal	500,880	0	2,091	0	(498,789)
Business	24,052	0	0	0	(24,052)
Operation and Maintenance of Plant	1,984,656	33,904	93,903	40,000	(1,816,849)
Pupil Transportation	1,148,016	0	0	0	(1,148,016)
Central	92,006	0	0	0	(92,006)
Operation of Non-Instructional Services	4,137	0	6,199	0	2,062
Food Service Operations	630,409	44,528	417,284	0	(168,597)
Extracurricular Activities	471,194	308,093	0	0	(163,101)
Interest and Fiscal Charges	8,359	0	0	0	(8,359)
<i>Total Governmental Activities</i>	<u>\$19,104,722</u>	<u>\$2,011,946</u>	<u>\$2,965,789</u>	<u>\$40,000</u>	<u>(14,086,987)</u>
General Revenues					
Property Taxes Levied for General Purposes					6,260,171
Property Taxes Levied for Capital Outlay					536,246
Property Taxes Levied for Classroom Facilities Maintenance					101,893
Grants and Entitlements not Restricted to Specific Programs					8,885,444
Gifts and Donations					15,361
Investment Earnings					616,049
Miscellaneous					414,670
<i>Total General Revenues</i>					<u>16,829,834</u>
Change in Net Position					2,742,847
<i>Net Position Beginning of Year</i>					<u>19,392,469</u>
<i>Net Position End of Year</i>					<u>\$22,135,316</u>

See accompanying notes to the basic financial statements

Bellaire Local School District

*Balance Sheet
Governmental Funds
June 30, 2020*

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$15,709,369	\$0	\$5,331,893	\$21,041,262
Cash and Cash Equivalents in Segregated Accounts	4,489	0	0	4,489
Restricted Assets:				
Investments with Fiscal and Escrow Agents	0	0	1,698,931	1,698,931
Receivables:				
Property Taxes	6,044,212	0	629,456	6,673,668
Intergovernmental	173,662	0	291,398	465,060
Interfund	16,682	260,884	0	277,566
Prepaid Items	59,190	0	136,661	195,851
Materials and Supplies Inventory	61,230	0	35,433	96,663
<i>Total Assets</i>	<u>\$22,068,834</u>	<u>\$260,884</u>	<u>\$8,123,772</u>	<u>\$30,453,490</u>
Liabilities				
Accounts Payable	\$5,518	\$0	\$2,817	\$8,335
Contracts Payable	13,247	0	0	13,247
Accrued Wages and Benefits Payable	632,654	232,213	105,954	970,821
Interfund Payable	118,797	0	158,769	277,566
Intergovernmental Payable	358,051	28,671	21,349	408,071
<i>Total Liabilities</i>	<u>1,128,267</u>	<u>260,884</u>	<u>288,889</u>	<u>1,678,040</u>
Deferred Inflows of Resources				
Property Taxes	4,639,697	0	505,956	5,145,653
Unavailable Revenue	666,808	0	188,333	855,141
<i>Total Deferred Inflows of Resources</i>	<u>5,306,505</u>	<u>0</u>	<u>694,289</u>	<u>6,000,794</u>
Fund Balances				
Nonspendable				
Inventories	61,230	0	35,433	96,663
Prepaid	59,190	0	136,661	195,851
Restricted for:				
Capital Projects	0	0	2,458,747	2,458,747
Debt Service	0	0	1,698,931	1,698,931
Classroom Facilities Maintenance	0	0	1,272,305	1,272,305
State Programs	0	0	612,117	612,117
Food Service	0	0	141,859	141,859
Student Activity Programs	0	0	71,627	71,627
Other Purposes	0	0	272,045	272,045
Committed to:				
Termination Benefits	200,000	0	0	200,000
Capital Projects	0	0	500,000	500,000
Assigned to Purchases on Order	27,874	0	0	27,874
Unassigned (Deficit)	15,285,768	0	(59,131)	15,226,637
<i>Total Fund Balances</i>	<u>15,634,062</u>	<u>0</u>	<u>7,140,594</u>	<u>22,774,656</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$22,068,834</u>	<u>\$260,884</u>	<u>\$8,123,772</u>	<u>\$30,453,490</u>

See accompanying notes to the basic financial statements

Bellaire Local School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2020*

Total Governmental Fund Balances		\$22,774,656
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,747,604
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental Revenues	149,311	
Delinquent Property Taxes	532,168	
Tuition and Fees Revenues	173,662	
Total	855,141	855,141
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		797,759
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources are therefore not reported in the funds.		(51,770)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Qualified Zone Academy Bonds	6,000,000	
Compensated Absences	869,348	
Total	(6,869,348)	(6,869,348)
The net pension liability and the net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	619,083	
Deferred Outflows - Pension	2,756,013	
Deferred Outflows - OPEB	412,179	
Net Pension Liability	(11,784,209)	
Net OPEB Liability	(1,501,767)	
Deferred Inflows - Pension	(1,246,959)	
Deferred Inflows - OPEB	(1,373,066)	
Total	(12,118,726)	(12,118,726)
<i>Net Position of Governmental Activities</i>		\$22,135,316

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,190,456	\$0	\$632,415	\$6,822,871
Intergovernmental	9,995,601	556,429	1,372,308	11,924,338
Investment Earnings	515,657	0	75,149	590,806
Tuition and Fees	1,054,023	0	296,694	1,350,717
Extracurricular Activities	109,253	0	198,840	308,093
Rent and Royalties	33,904	0	0	33,904
Gifts and Donations	3,395	0	613,966	617,361
Charges for Services	1,897	0	328,200	330,097
Miscellaneous	44,762	0	369,908	414,670
<i>Total Revenues</i>	<u>17,948,948</u>	<u>556,429</u>	<u>3,887,480</u>	<u>22,392,857</u>
Expenditures				
Current:				
Instruction:				
Regular	4,705,093	997,851	632,147	6,335,091
Special	2,170,758	943,510	339,225	3,453,493
Vocational	64,982	0	0	64,982
Student Intervention Services	155,200	0	1,989	157,189
Support Services:				
Pupil	576,363	0	651,063	1,227,426
Instructional Staff	52,003	0	278,097	330,100
Board of Education	19,215	0	0	19,215
Administration	1,081,527	241,850	0	1,323,377
Fiscal	452,441	0	10,463	462,904
Business	24,052	0	0	24,052
Operation and Maintenance of Plant	1,844,450	0	93,862	1,938,312
Pupil Transportation	952,967	0	0	952,967
Central	90,880	0	0	90,880
Operation of Non-Instructional Services	0	0	4,137	4,137
Food Service Operations	0	0	570,820	570,820
Extracurricular Activities	238,836	0	169,300	408,136
Capital Outlay	18,247	0	24,260	42,507
Debt Service:				
Principal Retirement	0	0	870,000	870,000
Interest and Fiscal Charges	0	0	17,400	17,400
<i>Total Expenditures</i>	<u>12,447,014</u>	<u>2,183,211</u>	<u>3,662,763</u>	<u>18,292,988</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,501,934</u>	<u>(1,626,782)</u>	<u>224,717</u>	<u>4,099,869</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	9,854	0	0	9,854
Transfers In	0	1,626,782	979,024	2,605,806
Transfers Out	(2,547,803)	0	(58,003)	(2,605,806)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,537,949)</u>	<u>1,626,782</u>	<u>921,021</u>	<u>9,854</u>
<i>Net Change in Fund Balances</i>	2,963,985	0	1,145,738	4,109,723
<i>Fund Balances Beginning of Year</i>	<u>12,670,077</u>	<u>0</u>	<u>5,994,856</u>	<u>18,664,933</u>
<i>Fund Balances End of Year</i>	<u>\$15,634,062</u>	<u>\$0</u>	<u>\$7,140,594</u>	<u>\$22,774,656</u>

See accompanying notes to the basic financial statements

Bellaire Local School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balances - Total Governmental Funds \$4,109,723

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	383,546	
Current Year Depreciation	(1,263,749)	
Total		(880,203)

Capital Assets removed from the capital asset account on the Statement of Net Position results in a loss on disposal of capital assets on the Statement of Activities. (45,651)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Intergovernmental Revenues	(33,105)	
Delinquent Property Taxes	75,439	
Tuition and Fees Revenues	(10,865)	
Contributions and Donations Revenues	(602,000)	
Total		(570,531)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bonds - Serial	870,000
-----------------------------------	---------

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities. 2,538

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Amortization of Bond Premium	39,013	
Vacation Benefits Payable	(438)	
Intergovernmental Payable	5,000	
Compensated Absences	(82,416)	
Total		(38,841)

The internal service fund used by management to charge the costs of insurance to individual funds is included in the Statement of Activities and not on the governmental fund statements. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities. (306,006)

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:

Pension	950,092	
OPEB	34,365	
Total		984,457

Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB (asset)/liability are reported as pension/OPEB expense in the Statement of Activities:

Pension	(1,536,858)	
OPEB	154,219	
Total		(1,382,639)

Change in Net Position of Governmental Activities \$2,742,847

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,247,058	\$6,247,058	\$5,773,134	(\$473,924)
Intergovernmental	9,329,204	9,329,204	10,039,688	710,484
Interest	0	0	267,509	267,509
Tuition and Fees	1,673,021	1,673,021	1,054,023	(618,998)
Extracurricular Activities	125,000	125,000	109,253	(15,747)
Rent and Royalties	0	0	33,904	33,904
Gifts and Donations	0	0	3,395	3,395
Charges for Services	0	0	1,897	1,897
Miscellaneous	50,000	50,000	44,762	(5,238)
<i>Total Revenues</i>	<u>17,424,283</u>	<u>17,424,283</u>	<u>17,327,565</u>	<u>(96,718)</u>
Expenditures				
Current:				
Instruction:				
Regular	5,670,548	5,670,548	4,901,111	769,437
Special	1,807,679	1,807,679	2,021,922	(214,243)
Vocational	67,085	67,085	65,154	1,931
Student Intervention Services	223,412	223,412	155,200	68,212
Support Services:				
Pupils	625,322	625,322	569,901	55,421
Instructional Staff	71,000	71,000	62,480	8,520
Board of Education	18,205	18,205	19,584	(1,379)
Administration	1,184,234	1,184,234	1,078,983	105,251
Fiscal	313,943	313,943	452,237	(138,294)
Business	25,000	25,000	22,946	2,054
Operation and Maintenance of Plant	1,906,620	1,906,620	1,865,610	41,010
Pupil Transportation	930,156	930,156	952,683	(22,527)
Central	91,000	91,000	90,880	120
Extracurricular Activities	237,096	237,096	237,363	(267)
Capital Outlay	30,000	30,000	18,247	11,753
<i>Total Expenditures</i>	<u>13,201,300</u>	<u>13,201,300</u>	<u>12,514,301</u>	<u>686,999</u>
<i>Excess of Revenues Over Expenditures</i>	<u>4,222,983</u>	<u>4,222,983</u>	<u>4,813,264</u>	<u>590,281</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	9,854	9,854
Transfers Out	(2,725,000)	(2,725,000)	(2,513,774)	211,226
Total Other Financing Sources (Uses)	<u>(2,725,000)</u>	<u>(2,725,000)</u>	<u>(2,503,920)</u>	<u>221,080</u>
<i>Net Change in Fund Balance</i>	1,497,983	1,497,983	2,309,344	811,361
<i>Fund Balance Beginning of Year</i>	13,241,429	13,241,429	13,241,429	0
Prior Year Encumbrances Appropriated	49,500	49,500	49,500	0
<i>Fund Balance End of Year</i>	<u>\$14,788,912</u>	<u>\$14,788,912</u>	<u>\$15,600,273</u>	<u>\$811,361</u>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	1,028,841	1,028,838	1,000,688	28,150
Special	926,395	926,395	936,331	(9,936)
Support Services:				
Administration	244,764	244,764	240,720	4,044
<i>Total Expenditures</i>	2,200,000	2,199,997	2,177,739	22,258
<i>Excess of Revenues Under Expenditures</i>	(2,200,000)	(2,199,997)	(2,177,739)	22,258
Other Financing Sources				
Transfers In	2,197,350	2,372,350	2,159,976	(212,374)
<i>Net Change in Fund Balance</i>	(2,650)	172,353	(17,763)	(190,116)
<i>Fund Balance Beginning of Year</i>	(162,148)	(162,148)	(162,148)	0
<i>Fund Balance End of Year</i>	(\$164,798)	\$10,205	(\$179,911)	(\$190,116)

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	Governmental Activity <hr/> Internal Service Fund <hr/>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$143,356
Cash and Cash Equivalents with Fiscal Agents	125,198
Accounts Receivable	952,950
	<hr/>
<i>Total Assets</i>	1,221,504
	<hr/>
Current Liabilities	
Claims Payable	423,745
	<hr/>
<i>Total Liabilities</i>	423,745
	<hr/> <hr/>
Net Position	
Unrestricted	797,759
	<hr/>
<i>Total Net Position</i>	\$797,759
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	\$2,638,745
Operating Expenses	
Purchased Services	656,615
Claims	2,313,379
<i>Total Operating Expenses</i>	2,969,994
<i>Operating Loss</i>	(331,249)
Non-Operating Revenues	
Interest	25,243
<i>Change in Net Position</i>	(306,006)
<i>Net Position Beginning of Year</i>	1,103,765
<i>Net Position End of Year</i>	\$797,759

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$2,638,745
Other Operating Revenues	1,109,939
Cash Payments for Services	(656,615)
Cash Payments for Claims	(3,835,159)
	(743,090)
Cash Flows from Investing Activities	
Interest	25,243
	25,243
<i>Net Cash Provided by Investing Activities</i>	<i>25,243</i>
<i>Net Decrease in Cash and Cash Equivalents</i>	(717,847)
<i>Cash and Cash Equivalents Beginning of Year</i>	986,401
<i>Cash and Cash Equivalents End of Year</i>	\$268,554
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$331,249)
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(594,375)
Increase in Claims Payable	182,534
	(411,841)
<i>Net Cash Used for Operating Activities</i>	<i>(\$743,090)</i>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$522,692
Investments	5,000
<i>Total Assets</i>	<i>527,692</i>
Net Position	
Held in Trust for Scholarships	527,692
<i>Total Net Position</i>	<i>\$527,692</i>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust
Additions	
Interest	\$8,609
Deductions	
Payments in Accordance with Trust Agreements	4,999
<i>Change in Net Position</i>	3,610
<i>Net Position Beginning of Year</i>	524,082
<i>Net Position End of Year</i>	\$527,692

See accompanying notes to the basic financial statements

This page intentionally left blank.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1839 when Jacob Davis Jr. became the first school teacher in Bellaire. The first schoolhouse was also erected in 1839. The current district was originally made up of schools in Bellaire, Key, Pultney and other outlying areas and one-room schools. The final consolidation of these districts was in January 1960 when the Key-Pultney District joined the Bellaire District. The Bellaire School District consolidated again in 2001 when seven elementary and middle school buildings were closed and the district moved to two new facilities. Bellaire Elementary School consists of grades kindergarten through fourth; Bellaire Middle School encompasses grades five through eight and Bellaire High School houses grades nine through twelve. The School District encompasses 48 square miles of rolling hills and small communities in Belmont County. The District's eastern border is the Ohio River. The District is staffed by 61 non-certificated employees, 79 full-time teaching personnel and 10 administrative employees who provide services to 1,117 students and other community members. The School District currently operates 3 instructional buildings, 1 administrative building, 2 maintenance buildings, and 1 bus garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Bellaire Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. No separate governmental units meet the criteria for inclusion as a component unit. The following activity is included within the reporting entity:

The School District is involved with seven organizations; three jointly governed organizations, two insurance purchasing pools, one risk-sharing, claims servicing, and insurance purchasing pool, and one related organization. These organizations include the Belmont-Harrison Vocational School District, the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), the Coalition of Rural and Appalachian Schools (CORAS), the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), The Ohio School Plan (OSP), the Jefferson Health Plan Self-Insurance Plan, and the Bellaire Public Library. These organizations are presented in Notes 17, 18, and 19.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School District's general purpose financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

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

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

Fund Accounting

The School 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.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

Schoolwide Pool Fund - The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal state and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, prescription drug and dental claims.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) 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 has certain characteristics. The School District has a private purpose trust fund which accounts for various college scholarships for students. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial funds are used to account for assets held by the School District and distributed for the benefit of Ohio High School Athletic Association. For fiscal year 2020, the custodial fund had no activity.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and related 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.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and contributions and donations. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 11 and 12.

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

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". The School District utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2020, investments were limited to STAR Ohio, money market mutual funds, negotiable certificates of deposit, Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes, US Treasury Notes, and non-negotiable certificates of deposit. Non-negotiable certificates of deposits are reported at cost. STAR Ohio and the money market mutual funds are reported at net asset value per share, while the remaining investments are measured at fair value.

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 Government Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$515,657 which includes \$139,827 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as Equity in Pooled Cash and Cash Equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent unexpended revenues restricted for amounts in a debt service fiscal agent account restricted by debt covenants for future debt service payments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption, purchased food, donated food and school supplies.

Capital Assets

The only capital assets of the School District are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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.

All reported capital assets are depreciated except for land and construction in progress. 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:

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Description	Estimated Lives
Land Improvements	5-50 Years
Buildings and Improvements	20-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

Pensions/Other Postemployment Benefits (OPEB)

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

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 and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/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.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Bond Premiums and Discounts

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements, bond premiums, and bond discounts are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Bond issuance costs are expensed in the funds in the period the bonds are issued.

Interfund Activity

Transfers within government activities on the government-wide statements are reported in the same manner as general revenue.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Fund Balance

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

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

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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. For fiscal year 2020, the School District has a committed fund balance for termination benefits and capital projects.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Board of Education to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The amount assigned in the General Fund represents purchase on order at fiscal year-end.

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

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

Net Position

Net position represent the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs.

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

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.

Estimates

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

Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*. The School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. The investment market value adjustment is the amount recorded to bring investments to market value on the balance sheet (GAAP basis) that is not recorded on the budgetary (Cash basis).

Adjustments necessary to convert the results of operations at the end of the fiscal year on the Budget basis to the GAAP basis are as follows:

Net Change in Fund Balance		
	General	Schoolwide Pool
GAAP Basis	\$2,963,985	\$0
Revenue Accruals	(901,112)	(556,429)
Transfers In	0	533,194
Market Value Adjustment	279,729	0
Expenditure Accruals	(41,329)	5,472
Transfers Out	34,029	0
Encumbrances	(25,958)	0
Budget Basis	\$2,309,344	(\$17,763)

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 5 - DEPOSIT AND INVESTMENTS

Monies held by the School District are classified by State Statute into three categories.

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

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

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

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

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School 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.

At June 30, 2020, the School District's internal service fund had a balance of \$125,198 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 18). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$9,025,798 of the School District's total bank balance of \$9,295,627 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

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

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$522,430	Average 41.5 Days	AAA*	3.66%
Money Market Mutual Fund	13,309	Average 23 Days	Aaa-mf**	0.09%
Money Market Mutual Fund	<u>292,524</u>	Less Than 1 Year	Aaa-mf**	2.05%
<i>Total Net Asset Value Per Share</i>	<u>828,263</u>			
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	3,338,171	Less Than 1 Year	N/A	23.41%
Negotiable Certificates of Deposit	5,236,629	Less Than 3 Years	N/A	36.69%
Negotiable Certificates of Deposit	521,772	Less Than 4 Years	N/A	3.66%
Negotiable Certificates of Deposit	1,402,121	Less Than 5 Years	N/A	9.82%
Federal National Mortgage Association Notes	300,393	Less Than 3 Years	Aaa**	2.10%
Federal Home Loan Mortgage Corporation Notes	250,017	Less Than 4 Years	Aaa**	1.75%
Federal Home Loan Bank Notes	625,255	Less Than 4 Years	Aaa**	4.38%
Federal Farm Credit Bank Notes	321,810	Less Than 4 Years	Aaa**	2.25%
Federal Farm Credit Bank Notes	692,715	Less Than 5 Years	Aaa**	4.85%
US Treasury Notes	<u>754,720</u>	Less Than 6 Months	Aaa**	<u>5.29%</u>
<i>Total Fair Value - Level Two Inputs</i>	<u>13,443,603</u>			
Total Investments	<u><u>\$14,271,866</u></u>			<u><u>100.00%</u></u>

* Investment rated by Moody's

** Investment rated by Standard & Poor's

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2020. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

At June 30, 2020, the School District had investments with fiscal and escrow agents for the debt service sinking escrow account held by a fiscal agent. See Note 14 for more information.

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

State Statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The credit ratings for the School District's securities are listed above. Ohio law requires money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices. The investments in mutual funds and common stock are donated investments, and were not purchased by the School District.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District has no investment policy dealing with investment custodial risk beyond the requirement in State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2020 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 reflected as revenue at fiscal yearend. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

The amount available as an advance at June 30, 2020 was \$911,369 in the General Fund, \$69,723 in the Permanent Improvement Capital Projects Fund, and \$14,755 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2019 was \$494,047 in the General Fund, \$43,143 in the Permanent Improvement Capital Projects Fund, and \$7,864 in the Classroom Facilities Maintenance Special Revenue Fund.

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

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$149,781,030	58.19%	\$148,254,720	56.13%
Public Utility Personal	107,603,770	41.81%	115,878,990	43.87%
Total Assessed Values	\$257,384,800	100.00%	\$264,133,710	100.00%
Tax Rate per \$1,000 of assessed valuation		\$31.85		\$31.85

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020, consisted of property taxes, interfund, intergovernmental grants, and tuition and fees. 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. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$532,168 may not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Excess Costs from Other School Districts	\$173,662
Title I Grant	140,720
IDEA Part B Grant	124,464
Title II-A Improving Teacher Quality Grant	15,963
Title IV-A Grant	10,251
Total Intergovernmental Receivable	\$465,060

NOTE 8 - TAX ABATEMENTS

School District property taxes were reduced through an Enterprise Zone Tax Exemption established by Belmont County. This program provides property tax abatements to encourage new investment within an area which overlaps the School District. For fiscal year 2020, School District property tax revenues were reduced \$9,653 by the abatements authorized under the Enterprise Zone Tax Exemption.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Non-Depreciable Capital Assets:				
Land	\$718,812	\$0	\$0	\$718,812
Construction in Progress	13,247	102,501	(13,247)	102,501
Total Non-Depreciable Capital Assets	732,059	102,501	(13,247)	821,313
Depreciable Capital Assets:				
Land Improvements	2,319,647	101,247	0	2,420,894
Buildings and Improvements	32,292,418	0	0	32,292,418
Furniture and Equipment	1,791,657	29,150	(130,757)	1,690,050
Vehicles	1,717,595	163,895	(117,132)	1,764,358
Total Depreciable Capital Assets	38,121,317	294,292	(247,889)	38,167,720
Accumulated Depreciation:				
Land Improvements	(1,381,338)	(119,978)	0	(1,501,316)
Buildings and Improvements	(17,893,081)	(974,808)	0	(18,867,889)
Furniture and Equipment	(1,472,676)	(64,696)	130,757	(1,406,615)
Vehicles	(432,823)	(104,267)	71,481	(465,609)
Total Accumulated Depreciation	(21,179,918)	(1,263,749)	202,238	(22,241,429)
Total Depreciable Capital Assets, Net	16,941,399	(969,457)	(45,651)	15,926,291
Governmental Capital Assets, Net	\$17,673,458	(\$866,956)	(\$58,898)	\$16,747,604

*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$854,667
Special	6,368
Vocational	748
Support Services:	
Pupil	726
Instructional Staff	65,158
Board of Education	5,458
Administration	3,222
Fiscal	12,800
Operation and Maintenance of Plant	80,066
Pupil Transportation	165,355
Central	1,126
Food Service Operations	17,309
Extracurricular Activities	50,746
Total Depreciation Expense	\$1,263,749

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 10 - RISK MANAGEMENT

Property, Fleet, and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 18). The School District contracted with the Ohio School Plan for liability, property, and fleet insurance. The type and amount of coverage provided by Ohio School Plan follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$74,373,601
Automotive Liability (\$1,000 deductible)	11,000,000
Uninsured Motorist (\$1,000 deductible)	1,000,000
<i>General Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	13,000,000
Personal and Advertising Injury Limit - Each Occurance:	11,000,000
<i>Sexual Misconduct Liability:</i>	
Each Occurance	11,000,000
<i>School Leaders Errors and Omissions Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	13,000,000
<i>Employee Benefits Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	13,000,000
<i>Employer's Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	11,000,000
Disease - Each Employee	11,000,000

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

Workers' Compensation

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Health Management Solutions provides administrative, cost control and actuarial services to the GRP.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Employee Benefits

Medical/surgical and prescription drug are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan. The monthly premium for this coverage is \$904.45 for a single plan and \$2,196.36 for a family plan. The Board pays 90 percent of the premium for medical/surgical and prescription drug coverage. The premium is paid from the fund that pays the salary of the covered employee.

Dental insurance is offered to employees through a self-insurance program. The School District contracts with a third party administrator (Medical Mutual of Ohio) to handle claims administration and stop-loss coverage. The Board pays 100 percent of the monthly premium of \$62.28 per covered employee.

The claims liability of \$423,745 reported in the internal service fund at June 30, 2020 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

<u>Program</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
Self Insurance - Health				
2019	\$286,648	\$1,715,168	\$1,760,605	\$241,211
2020	241,211	3,266,329 (1)	3,083,795 (2)	423,745
(1) Claims Expense		\$2,313,379		
- Stop Loss Receivable		<u>952,950</u>		
Current Year Claims		<u><u>\$3,266,329</u></u>		
(2) Cash Payments for Claims			\$3,835,159	
- Stop Loss Received for 2020 Claims			<u>(751,364)</u>	
Claims Payments			<u><u>\$3,083,795</u></u>	

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/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 obligation

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires 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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$304,023 for fiscal year 2020. Of this amount \$30,688 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$646,069 for fiscal year 2020. Of this amount, \$88,352 is reported as an intergovernmental payable.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.06070480%	0.03592031%	
Current Measurement Date	<u>0.05880000%</u>	<u>0.03737882%</u>	
 Change in Proportionate Share	 <u>-0.00190480%</u>	 <u>0.00145851%</u>	
 Proportionate Share of the Net			<u>Total</u>
Pension Liability	\$3,518,108	\$8,266,101	\$11,784,209
Pension Expense	\$543,237	\$993,621	\$1,536,858

At June 30, 2020, the School 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	\$89,212	\$67,300	\$156,512
Changes of assumptions	0	971,013	971,013
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	39,407	638,989	678,396
School District contributions subsequent to the measurement date	<u>304,023</u>	<u>646,069</u>	<u>950,092</u>
Total Deferred Outflows of Resources	<u>\$432,642</u>	<u>\$2,323,371</u>	<u>\$2,756,013</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$35,782	\$35,782
Net difference between projected and actual earnings on pension plan investments	45,159	404,002	449,161
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>62,581</u>	<u>699,435</u>	<u>762,016</u>
Total Deferred Inflows of Resources	<u>\$107,740</u>	<u>\$1,139,219</u>	<u>\$1,246,959</u>

\$950,092 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$96,767	\$330,316	\$427,083
2022	(98,494)	(30,801)	(129,295)
2023	(3,005)	138,266	135,261
2024	25,611	100,302	125,913
Total	\$20,879	\$538,083	\$558,962

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, 2019, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$4,930,126	\$3,518,108	\$2,333,953

Actuarial Assumptions - STRS

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$12,079,986	\$8,266,101	\$5,037,452

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

For fiscal year 2020, the School District's surcharge obligation was \$34,365.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$34,365 for fiscal year 2020. Of this amount \$34,365 is reported as an intergovernmental 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.

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

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.06116250%	0.03592031%	
Current Measurement Date	<u>0.05971740%</u>	<u>0.03737882%</u>	
Change in Proportionate Share	<u>-0.00144510%</u>	<u>0.00145851%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$1,501,767	\$0	\$1,501,767
Net OPEB (Asset)	\$0	(\$619,083)	(\$619,083)
OPEB Expense	\$53,636	(\$207,855)	(\$154,219)

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$22,045	\$56,125	\$78,170
Changes of assumptions	109,687	13,013	122,700
Net difference between projected and actual earnings on OPEB plan investments	3,605	0	3,605
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	48,043	125,296	173,339
School District contributions subsequent to the measurement date	<u>34,365</u>	<u>0</u>	<u>34,365</u>
Total Deferred Outflows of Resources	<u><u>\$217,745</u></u>	<u><u>\$194,434</u></u>	<u><u>\$412,179</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$329,928	\$31,496	\$361,424
Changes of assumptions	84,155	678,752	762,907
Net difference between projected and actual earnings on OPEB plan investments	0	38,883	38,883
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>40,621</u>	<u>169,231</u>	<u>209,852</u>
Total Deferred Inflows of Resources	<u><u>\$454,704</u></u>	<u><u>\$918,362</u></u>	<u><u>\$1,373,066</u></u>

\$34,365 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	(\$81,543)	(\$166,097)	(\$247,640)
2022	(41,237)	(166,097)	(207,334)
2023	(40,179)	(150,513)	(190,692)
2024	(40,351)	(145,045)	(185,396)
2025	(45,166)	(99,360)	(144,526)
Thereafter	<u>(22,848)</u>	<u>3,184</u>	<u>(19,664)</u>
Total	<u><u>(\$271,324)</u></u>	<u><u>(\$723,928)</u></u>	<u><u>(\$995,252)</u></u>

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$1,822,860	\$1,501,767	\$1,246,460
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,203,220	\$1,501,767	\$1,897,867

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented as follows:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$528,264)	(\$619,083)	(\$695,440)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$702,012)	(\$619,083)	(\$517,515)

NOTE 13 - OTHER EMPLOYEE BENEFITS

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-five days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 to 275 days for all employees. Upon retirement, payment is made for thirty-five percent of accrued, but unused sick leave credit to a maximum of 91.00 days for classified employees and 96.25 days for certified employees. All certified employees hired after July 1, 2012, and classified employees hired after July 1, 2013, will be paid at twenty-five percent of accrued, but unused sick leave credit to a maximum of 65 days for classified employees and 68.75 days for certified employees.

Other Insurance Benefits

The School District provides life insurance to all employees. A \$50,000 life insurance policy is purchased by the School District at a cost of \$4.75 per month. The School District contracts with One America Insurance to provide this benefit. The School District provides vision insurance through Vision Service Plan at a cost of \$16.33 per month.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2020 were as follows:

	Principal Outstanding 6/30/19	Additions	Deductions	Principal Outstanding 6/30/20	Amounts Due In One Year
General Obligation Bonds:					
2009 School Improvement Refunding Bonds					
Serial Bonds \$1,395,000 @ 3.5%-4.0%	\$870,000	\$0	\$870,000	\$0	\$0
Premium \$169,073	39,013	0	39,013	0	0
Total 2009 Refunding Bonds	909,013	0	909,013	0	0
Direct Borrowing and Direct Placement Bonds:					
2015 Qualified Zone Academy Bonds,					
\$6,000,000 @ 0%	6,000,000	0	0	6,000,000	0
Total General Obligation Bonds	6,909,013	0	909,013	6,000,000	0
Net Pension Liability:					
SERS	3,476,676	41,432	0	3,518,108	0
STRS	7,898,070	368,031	0	8,266,101	0
Total Net Pension Liability	11,374,746	409,463	0	11,784,209	0
Net OPEB Liability					
SERS	1,696,813	0	195,046	1,501,767	0
Intergovernmental Payable	5,000	0	5,000	0	0
Compensated Absences	786,932	132,237	49,821	869,348	185,339
Total Governmental Activities	\$20,772,504	\$541,700	\$1,158,880	\$20,155,324	\$185,339

2009 School Improvement Refunding General Obligation Bonds - On April 9, 2009, Bellaire Local School District issued \$1,859,996 of general obligation bonds. The bonds were issued to refund \$1,860,000 of outstanding 2000 School Facilities General Obligation Serial and Term Bonds. The bonds were issued for a 13 year period with final maturity at December 1, 2021. At the date of refunding, \$1,983,580 (including premium, and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2000 School Facilities General Obligation Term Bonds. As of June 30, 2011 all of the refunded bonds had been called and fully repaid.

The 2009 bond issue consists of serial, term, and capital appreciation bonds, \$1,395,000, \$215,000, and \$249,996, respectively. During fiscal year 2020, the School District utilized accumulated resources of the Debt Service Fund to call the outstanding serial bonds of the 2009 School Improvement Refunding General Obligation Bonds.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

The School District's outstanding bonds from direct financing and direct placements totaled \$6,000,000 as of June 30, 2020. Discussion of such issues, including the terms specified in debt agreements related to significant events of default with finance-related consequences and termination events with finance-related consequences, are as follows:

2015 Qualified Zone Academy Bonds - On December 1, 2015, the School District issued \$6,000,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), to be used to fund building equipment, the Electro Retro Fit energy efficiency project and the Bellaire STEM Education Academy. The QZAB matures in 2030, with the entire principal balance coming due at maturity. The QZAB does not bear interest. As part of the issuance, the School District is required to place \$400,000 of base lease payments, annually, beginning on December 1, 2016, into a debt service sinking escrow account held by a fiscal agent. The base lease payments will be invested, and the balance in the account will be used for the final bond repayment in 2030. The value of the fiscal agent account is recorded as restricted investments with fiscal and escrow agents in the debt service fund in the amount of \$1,698,931 at June 30, 2020. These bonds, from direct placements, include provisions in the event of default that the bank may (1) terminate the lease and take possession of the property, (2) sell or lease or sublease its interest in the property while holding the School District liable for all base lease payments due during the then-current term, (3) direct the School District to pay all amounts on deposit in the sinking escrow fund, or (4) exercise any other means under appropriate statute or court order to enforce the terms.

The School District's overall legal debt margin was \$16,073,103, with an unvoted debt margin of \$264,134 at June 30, 2020.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension liability or net OPEB liability. However, employer pension contributions are made from the following funds the General Fund, Miscellaneous State Grant, Miscellaneous Federal Grant, Title I, and the Food Service Special Revenue Funds. For additional information related to the net pension liability and the net OPEB liability, see notes 11 and 12 respectively.

Intergovernmental Payable - On December 14, 2015 the School District signed an addendum to Service Agreement with the East Central Ohio Educational Service Center Governing Board (ECOESC). The Board of Education and the ECOESC wish to include an additional service to the services that the ECOESC will provide to the Board of Education pursuant to Section 3313.845 of the Ohio Revised Code. In consideration of the services contained in the addendum the ECOESC will purchase property to be used for the delivery of educational services to students served by the Belmont County school district clients of the ECOESC. In consideration of the above, the Board agreed to pay ECOESC, the sum of \$5,000 per year for a period of five years, for a total payment of \$25,000. The final payment was made during fiscal year 2020 from the General Fund.

Compensated absences - The School District pays compensated absences from the General Fund.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 15 - COMMITMENTS

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$25,958
Other Nonmajor Governmental	54,315
Total	\$80,273

NOTE 16 - INTERNAL BALANCES

Interfund balances at June 30, 2020 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	Interfund Receivable		Total
	General	Schoolwide Pool	
General	\$0	\$118,797	\$118,797
Other Nonmajor Governmental	16,682	142,087	158,769
Total	\$16,682	\$260,884	\$277,566

The balance due to the Schoolwide Pool Fund from the General Fund and Other Nonmajor Governmental Funds are for costs associated with the operation of the elementary school in accordance with the schoolwide program that will be transferred as cash is needed to fund the program. The loans made to Other Nonmajor Governmental Funds were used to cover actual cash deficits in the Miscellaneous Federal Special Revenue Funds to support the programs until the grant monies are received.

Interfund transfers for the year ended June 30, 2020 consisted of the following:

<u>Transfers from</u>	Transfers to		Total
	Schoolwide Pool	Other Nonmajor Governmental	
General	\$1,626,782	\$921,021	\$2,547,803
Other Nonmajor Governmental	0	58,003	58,003
Total	\$1,626,782	\$979,024	\$2,605,806

Transfers from the General Fund to the Schoolwide Pool Fund were used to move receipts in accordance with the schoolwide building program. Transfers from the General Fund to Other Nonmajor Governmental Funds were for the annual debt service sinking payments to the QZAB debt service escrow account, and to the Permanent Improvement Fund to be used for capital improvements. Transfers between Other Nonmajor Governmental Funds were to transfer remaining balances in the Debt Service Fund to the Permanent Improvement Fund following the retirement of the 2009 bond issue.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards. The Board exercises total control over the district including budgeting, appropriating, contracting, and designates management. During fiscal year 2020, the School District made no contributions to the Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at 68090 Hammond Road, St. Clairsville, Ohio 43950.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2020, the total amount paid to OME-RESA from the School District was \$20,108 for technology services and \$17,199 for financial accounting services and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including over 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2020.

NOTE 18 - PUBLIC ENTITY POOLS

Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP'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 program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$725 for policy year 2020 was paid to Health Management Solutions.

Ohio School Plan (OSP) - The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection,

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Hylant Administrative Services and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Hylant Administrative Service is the sales and marketing representative, which establishes agreements between OSP and member schools.

Risk-Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan - The School District participates in the Jefferson Health Plan Self-Insurance Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred eighty members. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, vision, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$500,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$1,500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by One America.

NOTE 19 - RELATED ORGANIZATION

Bellaire Public Library - The Bellaire Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Bellaire Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operating subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Bellaire Public Library, Clerk/Treasurer, at 32nd and Guernsey Street, Bellaire, Ohio 43906.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2019	\$0
Current Year Set-aside Requirement	213,668
Current Year Offsets	<u>(763,447)</u>
Totals	<u><u>(\$549,779)</u></u>
Balance Carried Forward to Fiscal Year 2021	<u><u>\$0</u></u>
Set-aside Restricted Balance as of June 30, 2020	<u><u>\$0</u></u>

The School District had current year offsets which reduced the set-aside amount to below zero for the capital maintenance set-aside, which may not be carried forward to future years. The School District also had current year and prior year capital expenditures from bond proceeds in connection with capital projects that may be carried forward to offset future set-aside requirements.

NOTE 21 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2020.

Litigation

The School District currently is party to pending legal proceedings.

Oil/Gas Leases

XTO Energy, Inc. – The Board of Education has entered into a “Paid-Up” Oil and Gas Lease with XTO Energy Inc. The lease is for 14.20 acres of property owned by the Bellaire Board of Education and is effective May 20, 2016, for a two year period. In consideration of the execution of the lease, the School District received a signing bonus in the amount of \$45,000 during fiscal year 2017. The lease calls for payments to the School District, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products.

Bellaire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Gulfport Energy Corporation – The Board of Education has entered into a “Paid-Up” Oil and Gas Lease with Gulfport Energy Corporation. The lease is for 12.00 acres of property owned by the Bellaire Board of Education and is effective June 24, 2016, for a five year period. In consideration of the execution of the lease, the School District received a signing bonus in the amount of \$42,000 during fiscal year 2017. The lease calls for payments to the School District, in addition to the bonus, royalties in the amount of 17 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products.

During the fiscal year 2020, the School District received royalty payments in the amount of \$22,378; however at the date of the financial statements, the full value of any potential future royalties cannot be determined.

Total carrying value of leased land is \$665,708.

NOTE 22 - COVID-19

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

NOTE 23 - SUBSEQUENT EVENTS

Renewal and Additional Levy

On November 3, 2020, the voters of the School District approved a renewal of 3 mills and an increase of 1 mill to constitute a tax for the benefit of Bellaire Local School District for the purpose of permanent improvements, including but not limited to furnishing and equipping buildings, buses, textbooks and general property maintenance, for a continuing period of time. First collections of this levy will be in fiscal year 2022.

This page intentionally left blank.

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

	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.05880000%	0.06070480%	0.05753860%	0.05694480%
School District's Proportionate Share of the Net Pension Liability	\$3,518,108	\$3,476,676	\$3,437,803	\$4,167,835
School District's Covered Payroll	\$2,017,170	\$1,982,037	\$1,755,343	\$1,784,900
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.41%	175.41%	195.85%	233.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.59326200%	0.06358900%	0.06358900%
\$3,385,211	\$3,218,203	\$3,781,433
\$1,796,039	\$1,845,296	\$1,935,388
188.48%	174.40%	195.38%
69.16%	71.70%	65.52%

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

	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.03737882%	0.03592031%	0.03198396%	0.03752161%
School District's Proportionate Share of the Net Pension Liability	\$8,266,101	\$7,898,070	\$7,597,858	\$12,559,613
School District's Covered Payroll	\$4,391,279	\$4,121,600	\$3,571,771	\$3,944,179
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.24%	191.63%	212.72%	318.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03838273%	0.03846581%	0.03846581%
\$10,607,863	\$9,356,216	\$11,145,062
\$4,006,729	\$3,896,254	\$4,178,182
264.75%	240.13%	266.74%
72.10%	74.70%	69.30%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.05971740%	0.06116250%	0.05818140%	0.05766010%
School District's Proportionate Share of the Net OPEB Liability	\$1,501,767	\$1,696,813	\$1,561,436	\$1,643,526
School District's Covered Payroll	\$2,017,170	\$1,982,037	\$1,755,343	\$1,784,900
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.45%	85.61%	88.95%	92.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to required supplementary information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB (Asset) Liability	0.03737882%	0.03592031%	0.03198396%	0.03752161%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$619,083)	(\$557,201)	\$1,247,896	\$2,006,665
School District's Covered Payroll	\$4,391,279	\$4,121,600	\$3,571,117	\$3,944,179
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.10%	-13.52%	34.94%	50.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to required supplementary information

Bellaire Local School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$304,023	\$272,318	\$267,575	\$245,748
Contributions in Relation to the Contractually Required Contribution	<u>(304,023)</u>	<u>(272,318)</u>	<u>(267,575)</u>	<u>(245,748)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,171,593	\$2,017,170	\$1,982,037	\$1,755,343
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	\$34,365	\$44,000	\$41,076	\$30,753
Contributions in Relation to the Contractually Required Contribution	<u>(34,365)</u>	<u>(44,000)</u>	<u>(41,076)</u>	<u>(30,753)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.58%</u>	<u>2.18%</u>	<u>2.07%</u>	<u>1.75%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.58%</u>	<u>15.68%</u>	<u>15.57%</u>	<u>15.75%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$249,886	\$236,718	\$255,758	\$267,858	\$293,898	\$269,732
<u>(249,886)</u>	<u>(236,718)</u>	<u>(255,758)</u>	<u>(267,858)</u>	<u>(293,898)</u>	<u>(269,732)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,784,900	\$1,796,039	\$1,845,296	\$1,935,388	\$2,185,117	\$2,145,836
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$28,974	\$45,703	\$35,136	\$38,209	\$45,739	\$66,353
<u>(28,974)</u>	<u>(45,703)</u>	<u>(35,136)</u>	<u>(38,209)</u>	<u>(45,739)</u>	<u>(66,353)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.62%</u>	<u>2.54%</u>	<u>1.90%</u>	<u>1.97%</u>	<u>2.09%</u>	<u>3.09%</u>
<u>15.62%</u>	<u>15.72%</u>	<u>15.76%</u>	<u>15.81%</u>	<u>15.54%</u>	<u>15.66%</u>

Bellaire Local School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$646,069	\$614,779	\$577,024	\$500,048
Contributions in Relation to the Contractually Required Contribution	<u>(646,069)</u>	<u>(614,779)</u>	<u>(577,024)</u>	<u>(500,048)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,614,779	\$4,391,279	\$4,121,600	\$3,571,771
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for pension and OPEB

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$552,185	\$560,942	\$506,513	\$543,164	\$589,207	\$742,303
<u>(552,185)</u>	<u>(560,942)</u>	<u>(506,513)</u>	<u>(543,164)</u>	<u>(589,207)</u>	<u>(742,303)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,944,179	\$4,006,729	\$3,896,254	\$4,178,182	\$4,532,364	\$5,710,020
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$0	\$38,963	\$41,782	\$45,324	\$57,100
<u>0</u>	<u>0</u>	<u>(38,963)</u>	<u>(41,782)</u>	<u>(45,324)</u>	<u>(57,100)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Bellaire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Bellaire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Bellaire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	10.555	N/A	\$0	\$33,445
Cash Assistance:				
School Breakfast Program	10.553	043570-05PU-20	0	134,472
School Breakfast Program - Covid-19	10.553	043570-05PU-20	0	10,727
National School Lunch Program	10.555	043570-LLP4-20	0	214,356
National School Lunch Program - Covid-19	10.555	043570-LLP4-20	0	16,864
Cash Assistance Subtotal			<u>0</u>	<u>376,419</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			0	409,864
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010	043570-C1S1-19 043570-C1S1-20	0 0	104,917 407,749
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>512,666</u>
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	84.027	043570-6BSF-19 043570-6BSF-20	0 0	66,888 268,923
Total Special Education, Grants to States (IDEA, Part B)			<u>0</u>	<u>335,811</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	n/a	4,956	4,956
Total Special Education Cluster (IDEA)			4,956	340,767
Improving Teacher Quality State Grants	84.367	043570-TRS1-19 043570-TRS1-20	0 0	12,757 51,414
Total Improving Teacher Quality State Grants			<u>0</u>	<u>64,171</u>
Title IV, Part A Student Support and Academic Enrichment Grant	84.424A	043570-19 043570-20	0 0	6,829 33,018
Total Title IV, Part A Student Support and Academic Enrichment Grant			<u>0</u>	<u>39,847</u>
Total U.S. Department of Education			4,956	957,451
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Mental Health and Addiction Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	n/a	0	7,384
Total U.S. Department of Health and Human Services			<u>0</u>	<u>7,384</u>
Total Expenditures of Federal Awards			<u>\$4,956</u>	<u>\$1,374,699</u>

The accompanying notes are an integral part of this Schedule.

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from U.S. Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Bellaire Local School District
Belmont County
340 34th Street
Bellaire, Ohio 43906

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellaire Local School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 4, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2021

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Bellaire Local School District
Belmont County
340 34th Street
Bellaire, Ohio 43906

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Bellaire Local School District's, Belmont County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2021

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Special Education Cluster (IDEA), CFDA #84.027 and #84.173 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



BELLAIRE LOCAL SCHOOL DISTRICT

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 3/18/2021

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

This report is a matter of public record and is available online at
www.ohioauditor.gov