

BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Beaver Local School District
46088 Bell School Road
East Liverpool, Ohio 43920

We have reviewed the *Independent Auditor's Report* of the Beaver Local School District, Columbiana County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Beaver Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2022

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Columbiana County, Ohio
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Columbiana County, Ohio**

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Independent Auditor's Report

To the Board of Education
Beaver Local School District
Columbiana County, Ohio
46088 Bell School Road
East Liverpool, Ohio 43920

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 Beaver Local School District, Columbiana County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Beaver Local School District, Columbiana County, Ohio, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and *pension and other post-employment schedules* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
February 24, 2022

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**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The District's net position of governmental activities increased \$603,004 which represents a 4.23% increase from 2020's net position.
- General revenues accounted for \$18,336,291 in revenue or 73.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,492,115 or 26.15% of total revenues of \$24,828,406.
- The District had \$24,225,402 in expenses related to governmental activities; only \$6,492,115 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$18,336,291 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund and permanent improvement fund. The general fund had \$20,076,670 in revenues and other financing sources and \$19,763,108 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$313,562 from a balance of \$66,230 to a balance of \$379,792.
- The bond retirement fund had \$1,338,297 in revenues and \$1,255,905 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$82,392 from \$1,273,359 to \$1,355,751.
- The permanent improvement fund had \$1,860,277 in revenues and other financing sources and \$72,242 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance increased \$1,788,035 from a deficit fund balance of \$160,116 to a positive fund balance of \$1,627,919.

Using the Basic Financial Statements

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement fund and permanent improvement fund.

Governmental Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The District as a Whole

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

	<u>Net Position - Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 15,906,495	\$ 13,212,622
Capital assets, net	<u>48,540,849</u>	<u>49,690,797</u>
Total assets	<u>64,447,344</u>	<u>62,903,419</u>
<u>Deferred outflows of resources</u>		
Pension	3,415,041	3,445,081
OPEB	<u>483,808</u>	<u>374,494</u>
Total deferred outflows	<u>3,898,849</u>	<u>3,819,575</u>
<u>Liabilities</u>		
Current liabilities	2,316,370	2,189,772
Long-term liabilities:		
Due within one year	1,009,558	957,764
Due in more than one year:		
Net pension liability	19,782,073	18,462,102
Net OPEB liability	1,294,903	1,547,091
Other amounts	<u>18,793,568</u>	<u>18,384,669</u>
Total liabilities	<u>43,196,472</u>	<u>41,541,398</u>
<u>Deferred inflows of resources</u>		
Property taxes	7,247,631	7,203,559
Pensions	759,333	1,658,179
OPEB	<u>2,301,072</u>	<u>2,081,177</u>
Total deferred inflows	<u>10,308,036</u>	<u>10,942,915</u>
<u>Net Position</u>		
Net investment in capital assets	30,999,590	31,196,920
Restricted	2,804,172	2,439,060
Unrestricted (deficit)	<u>(18,962,077)</u>	<u>(19,397,299)</u>
Total net position	<u>\$ 14,841,685</u>	<u>\$ 14,238,681</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded the District's liabilities and deferred inflows of resources by \$14,841,685.

Total assets include a net OPEB asset reported by STRS.

Current and other assets increased due to an increase in the District's cash and cash equivalents and an increase in intergovernmental receivables, particularly for the ESSER grant.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

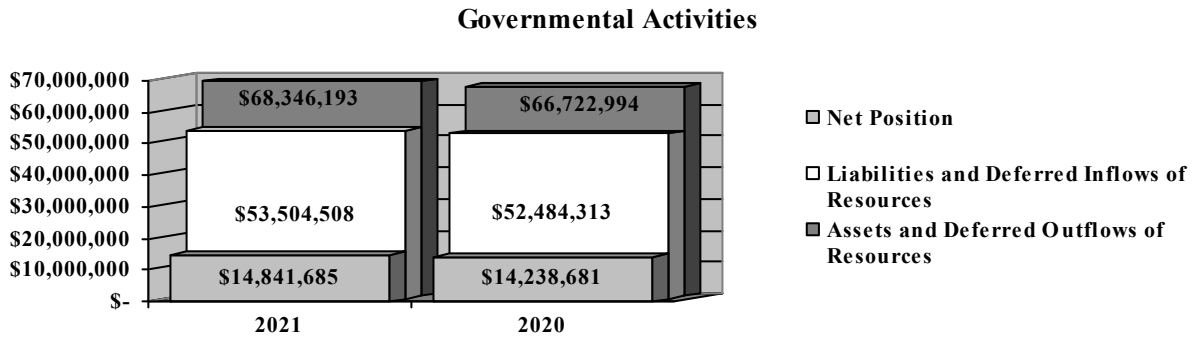
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

At year-end, capital assets represented 75.32% of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. The District’s net investment in capital assets at June 30, 2021 was \$30,999,590. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities increased primarily due to the District entering into a new \$1,500,000 lease purchase agreement for athletic complex improvements and an increase in the net pension liability.

A portion of the District’s net position, \$2,804,172, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$18,962,077.

The graph below illustrates the District’s governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2021 and 2020.



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**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	Change in Net Position - Governmental Activities	
<u>Revenues</u>	2021	2020
Program revenues:		
Charges for services and sales	\$ 2,500,108	\$ 2,883,387
Operating grants and contributions	3,942,937	2,874,186
Capital grants and contributions	49,070	1,016,595
General revenues:		
Property taxes	8,250,382	7,753,480
Grants and entitlements	9,917,722	9,785,596
Investment earnings	14	177
Miscellaneous	168,173	13,380
Total revenues	24,828,406	24,326,801
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	11,411,707	11,260,490
Special	2,893,153	2,733,679
Vocational	13,185	-
Other	660	76,659
Support services:		
Pupil	1,098,133	1,264,970
Instructional staff	856,559	742,893
Board of education	31,147	36,024
Administration	1,305,364	1,257,094
Fiscal	506,149	517,023
Operations and maintenance	2,373,887	2,094,864
Pupil transportation	1,323,100	1,376,283
Central	57,983	89,984
Operation of non-instructional services:		
Food service operations	1,035,541	969,654
Other non-instructional services	4,838	-
Extracurricular activities	667,525	748,449
Intergovernmental	-	945,184
Interest and fiscal charges	646,471	661,603
Total expenses	24,225,402	24,774,853
Change in net position	603,004	(448,052)
Net position at beginning of year	14,238,681	14,686,733
Net position at end of year	\$ 14,841,685	\$ 14,238,681

Governmental Activities

Net position of the District's governmental activities increased \$603,004. Total governmental expenses of \$24,225,402 were offset by program revenues of \$6,492,115 and general revenues of \$18,336,291. Program revenues supported 26.80% of the total governmental expenses.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

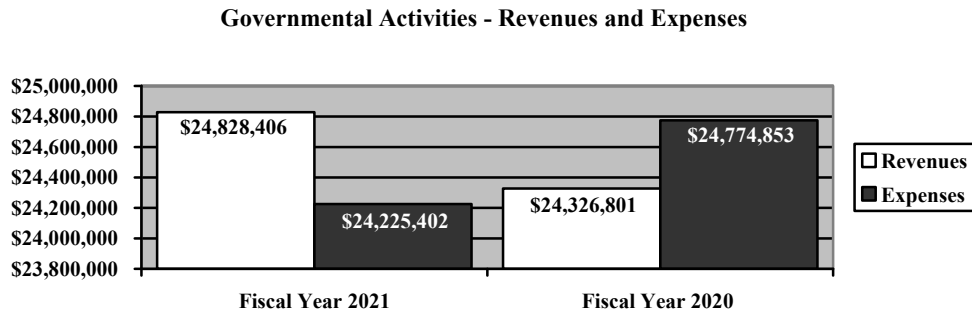
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Overall, expenses of the governmental activities decreased \$549,451 or 2.22%. This decrease is due to the District returning unused State funds on the OFCC project during fiscal year 2020, which was reported as an intergovernmental expense.

Revenues of the governmental activities increased \$501,605 or 2.07%. This increase was due to an increase in property taxes, as a result of the slightly greater assessed valuation and due to additional grant revenue from the CARES Act.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 73.17% of total governmental revenue.

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



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

Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses				
Instruction:				
Regular	\$ 11,411,707	\$ 8,712,654	\$ 11,260,490	\$ 8,816,628
Special	2,893,153	1,081,307	2,733,679	1,111,054
Vocational	13,185	4,070	-	-
Other	660	660	76,659	76,659
Support services:				
Pupil	1,098,133	561,521	1,264,970	841,866
Instructional staff	856,559	817,480	742,893	742,893
Board of education	31,147	31,147	36,024	36,024
Administration	1,305,364	1,284,998	1,257,094	1,247,769
Fiscal	506,149	505,595	517,023	517,023
Operation and maintenance	2,373,887	2,147,603	2,094,864	1,925,876
Pupil transportation	1,323,100	1,246,621	1,376,283	1,376,283
Central	57,983	57,983	89,984	89,984
Operation of non-instructional services:				
Food service operations	1,035,541	96,580	969,654	129,885
Other non-instructional services	4,838	2	-	-
Extracurricular activities	667,525	538,595	748,449	(518,046)
Intergovernmental	-	-	945,184	945,184
Interest and fiscal charges	646,471	646,471	661,603	661,603
Total expenses	<u>\$ 24,225,402</u>	<u>\$ 17,733,287</u>	<u>\$ 24,774,853</u>	<u>\$ 18,000,685</u>

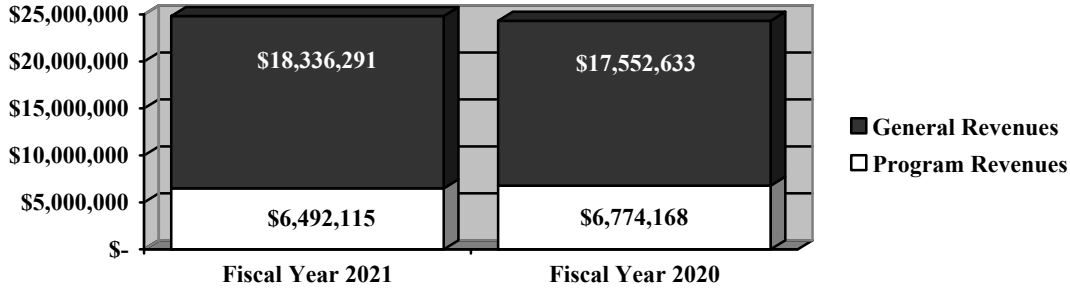
**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The dependence upon tax and other general revenues for governmental activities is apparent; 68.43% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.20%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$3,519,263, which is greater than last year's total of \$1,242,191. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance (deficit) June 30, 2020	Change
General	\$ 379,792	\$ 66,230	\$ 313,562
Bond retirement	1,355,751	1,273,359	82,392
Permanent improvement	1,627,919	(160,116)	1,788,035
Nonmajor governmental	155,801	62,718	93,083
Total	\$ 3,519,263	\$ 1,242,191	\$ 2,277,072

General Fund

The District's general fund balance increased \$313,562. Taxes revenue increased \$537,462, or 8.32%. The increase in property taxes was due to the increase in the District's assessed valuation. Intergovernmental revenue increased \$125,040 or 1.21%. This is due to the restoration of some cuts to the State Foundation program made by the State at the outset of the COVID-19 pandemic. Overall, revenues increased \$757,374 from fiscal year 2020.

In total, expenditures of the general fund increased \$977,267. The majority of this increase was in support services. This is due to the District's buildings being open all school year whereas the buildings were closed for part of fiscal year 2020 because of the pandemic.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	2021 Amount	2020 Amount	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 7,000,156	\$ 6,462,694	\$ 537,462	8.32 %
Tuition and fees	2,367,675	2,363,655	4,020	0.17 %
Earnings on investments	14	177	(163)	(92.09) %
Intergovernmental	10,476,552	10,351,512	125,040	1.21 %
Other revenues	178,434	87,419	91,015	104.11 %
Total	<u>\$ 20,022,831</u>	<u>\$ 19,265,457</u>	<u>\$ 757,374</u>	3.93 %
<u>Expenditures</u>				
Instruction	\$ 11,963,518	\$ 11,920,764	\$ 42,754	0.36 %
Support services	6,388,528	5,675,417	713,111	12.56 %
Extracurricular activities	389,402	427,020	(37,618)	(8.81) %
Facilities acq. and const.	154,035	120	153,915	128,262.50 %
Capital outlay	53,839	-	53,839	100.00 %
Debt service	510,689	459,423	51,266	11.16 %
Total	<u>\$ 19,460,011</u>	<u>\$ 18,482,744</u>	<u>\$ 977,267</u>	5.29 %

Bond Retirement Fund

The bond retirement fund had \$1,338,297 in revenues and \$1,255,905 in expenditures. During fiscal year 2021, the bond retirement fund's fund balance increased \$82,392 from \$1,273,359 to a balance of \$1,355,751. This fund accounts for the 4.19 mill bond levy used to retire the general obligation bonds.

Permanent Improvement Fund

The permanent improvement fund had \$1,860,277 in revenues and other financing sources and \$72,242 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance increased \$1,788,035 from a deficit fund balance of \$160,116 to a positive fund balance of \$1,627,919. The reason for this increase in fund balance is due to the issuance of a \$1,500,000 lease purchase agreement which will be used to finance improvements made to the District's athletic complex.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources of \$19,480,346 unchanged in the final budget. Actual revenues and other financing sources for fiscal year 2021 were \$19,945,729, which was \$465,383 greater than the final budgeted revenues and other financing sources.

General fund original budgeted expenditures and other financing uses of \$18,366,057 were increased to \$20,553,977 in the final budget. The actual budget basis expenditures and for fiscal year 2021 were \$19,626,576, which was \$927,401 less than the final budgeted expenditures and other financing uses.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$48,540,849 invested in land, construction in progress, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in the governmental activities. The following table shows fiscal year 2021 balances compared to 2020.

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

	Governmental Activities	
	2021	2020
Land	\$ 330,345	\$ 330,345
Construction in progress	153,383	-
Building and improvements	46,024,941	47,518,405
Furniture and equipment	926,462	1,176,400
Vehicles	1,105,718	665,647
Total	\$ 48,540,849	\$ 49,690,797

The overall decrease in capital assets of \$1,149,948 is due to depreciation expense of \$1,890,329 being greater than capital asset additions of \$797,449 and disposals of \$57,068 (net of accumulated depreciation). See Note 8 to the basic financial statements for additional information regarding the District's capital assets.

Debt Administration

At June 30, 2021, the District had \$18,783,023 in general obligation bonds, lease-purchase agreements and capital leases outstanding. Of this total, \$940,698 is due within one year and \$17,842,325 is due in more than one year. The following table summarizes outstanding debt obligations at June 30, 2021 and June 30, 2020.

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
	2021	2020
General obligation bonds	\$ 17,230,000	\$ 17,835,000
Lease purchase agreements	1,425,447	279,283
OWDA loan	-	32,159
Capital leases	127,576	183,662
Total	\$ 18,783,023	\$ 18,330,104

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

Current Financial Related Activities

The future financial stability of the District is not without challenges.

The first challenge is that although the District had the resources necessary to meet operating expenses in fiscal year 2021, the District must maintain tight controls over spending to live within the means provided by the voters and the State of Ohio.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Additionally, the District's management must continue to provide the resources necessary to meet student needs while diligently planning expenses, staying within the five-year plan. The five-year plan is utilized by management to manage resources effectively and efficiently.

The District administration will need to plan for the future needs of the students based on the current revenues and the passage of the emergency renewal levy. But they will also need to be mindful that there are many risks and uncertainties that will need to be considered in future planning. As the administration plans for the future, they will need to make sure that all expenses fit within the five-year plan in order to maintain a positive cash balance over the next few years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mrs. Stacy Williams, who serves as Treasurer/CFO, at Beaver Local School District, 46088 Bell School Road, East Liverpool, Ohio 43920.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,292,873
Receivables:	
Property taxes	7,858,050
Donations	850,000
Accounts	898
Intergovernmental	618,726
Net OPEB asset	1,160,948
Restricted assets:	
Cash with escrow agent	1,125,000
Capital assets:	
Nondepreciable capital assets	483,728
Depreciable capital assets, net	48,057,121
Capital assets, net	48,540,849
Total assets	64,447,344
Deferred outflows of resources:	
Pension	3,415,041
OPEB	483,808
Total deferred outflows of resources	3,898,849
Liabilities:	
Accounts payable	133,378
Contracts payable	30,863
Accrued wages and benefits payable	1,719,981
Intergovernmental payable	81,307
Pension and postemployment benefits payable	269,093
Accrued interest payable	81,748
Long-term liabilities:	
Due within one year	1,009,558
Due in more than one year:	
Net pension liability	19,782,073
Net OPEB liability	1,294,903
Other amounts due in more than one year	18,793,568
Total liabilities	43,196,472
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	7,247,631
Pension	759,333
OPEB	2,301,072
Total deferred inflows of resources	10,308,036
Net position:	
Net investment in capital assets	30,999,590
Restricted for:	
Capital projects	674,822
Classroom facilities maintenance	309,313
Debt service	1,349,569
State funded programs	301,416
Food service operations	24,064
Extracurricular	138,710
Other purposes	6,278
Unrestricted (deficit)	(18,962,077)
Total net position	\$ 14,841,685

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 11,411,707	\$ 2,352,242	\$ 346,811	\$ -	\$ (8,712,654)
Special	2,893,153	15,433	1,796,413	-	(1,081,307)
Vocational	13,185	-	9,115	-	(4,070)
Other	660	-	-	-	(660)
Support services:					
Pupil	1,098,133	-	536,612	-	(561,521)
Instructional staff	856,559	-	39,079	-	(817,480)
Board of education	31,147	-	-	-	(31,147)
Administration	1,305,364	-	20,366	-	(1,284,998)
Fiscal	506,149	-	554	-	(505,595)
Operations and maintenance	2,373,887	-	226,284	-	(2,147,603)
Pupil transportation	1,323,100	-	34,589	41,890	(1,246,621)
Central	57,983	-	-	-	(57,983)
Operation of non-instructional services:					
Food service operations	1,035,541	10,683	928,278	-	(96,580)
Other non-instructional services	4,838	-	4,836	-	(2)
Extracurricular activities	667,525	121,750	-	7,180	(538,595)
Interest and fiscal charges	646,471	-	-	-	(646,471)
Totals	\$ 24,225,402	\$ 2,500,108	\$ 3,942,937	\$ 49,070	(17,733,287)

General revenues:	
Property taxes levied for:	
General purposes	6,950,138
Debt service	1,173,627
Classroom facilities maintenance	126,617
Grants and entitlements not restricted to specific programs	9,917,722
Investment earnings	14
Miscellaneous	168,173
Total general revenues	18,336,291
Change in net position	603,004
Net position at beginning of year	14,238,681
Net position at end of year	\$ 14,841,685

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 1,577,873	\$ 1,312,375	\$ 502,919	\$ 899,706	\$ 4,292,873
Receivables:					
Property taxes	6,621,258	1,116,418	-	120,374	7,858,050
Donations	-	-	850,000	-	850,000
Accounts	860	-	-	38	898
Interfund loans	75,836	-	-	-	75,836
Intergovernmental	31,851	-	-	586,875	618,726
Due from other funds	444,864	-	-	-	444,864
Restricted assets:					
Cash with escrow agent	-	-	1,125,000	-	1,125,000
Total assets	<u>\$ 8,752,542</u>	<u>\$ 2,428,793</u>	<u>\$ 2,477,919</u>	<u>\$ 1,606,993</u>	<u>\$ 15,266,247</u>
Liabilities:					
Accounts payable	\$ 55,904	\$ -	\$ -	\$ 77,474	\$ 133,378
Contracts payable	30,863	-	-	-	30,863
Accrued wages and benefits payable	1,545,398	-	-	174,583	1,719,981
Compensated absences payable	48,723	-	-	-	48,723
Intergovernmental payable	74,227	-	-	7,080	81,307
Pension and postemployment benefits payable	247,357	-	-	21,736	269,093
Interfund loans payable	-	-	-	75,836	75,836
Due to other funds	-	-	-	444,864	444,864
Total liabilities	<u>2,002,472</u>	<u>-</u>	<u>-</u>	<u>801,573</u>	<u>2,804,045</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	6,108,801	1,027,810	-	111,020	7,247,631
Delinquent property tax revenue not available	261,477	45,232	-	4,760	311,469
Intergovernmental revenue not available	-	-	-	533,839	533,839
Miscellaneous revenue not available	-	-	850,000	-	850,000
Total deferred inflows of resources	<u>6,370,278</u>	<u>1,073,042</u>	<u>850,000</u>	<u>649,619</u>	<u>8,942,939</u>
Fund balances:					
Restricted:					
Debt service	-	1,355,751	-	-	1,355,751
Capital improvements	-	-	1,324,822	-	1,324,822
Classroom facilities maintenance	-	-	-	304,553	304,553
Food service operations	-	-	-	29,923	29,923
State funded programs	-	-	-	301,416	301,416
Extracurricular	-	-	-	138,710	138,710
Other purposes	-	-	-	6,278	6,278
Committed:					
Capital improvements	-	-	303,097	-	303,097
Assigned:					
Student instruction	2,171	-	-	-	2,171
Student and staff support	38,490	-	-	-	38,490
Subsequent year's appropriations	331,683	-	-	-	331,683
Other purposes	7,448	-	-	-	7,448
Unassigned (deficit)	-	-	-	(625,079)	(625,079)
Total fund balances	<u>379,792</u>	<u>1,355,751</u>	<u>1,627,919</u>	<u>155,801</u>	<u>3,519,263</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 8,752,542</u>	<u>\$ 2,428,793</u>	<u>\$ 2,477,919</u>	<u>\$ 1,606,993</u>	<u>\$ 15,266,247</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

Total governmental fund balances		\$	3,519,263
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			48,540,849
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	311,469	
Donations receivable		850,000	
Intergovernmental receivable		533,839	
Total		1,695,308	1,695,308
Unamortized premiums on bonds issued are not recognized in the funds.			(308,364)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(81,748)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		3,415,041	
Deferred inflows - pension		(759,333)	
Net pension liability		(19,782,073)	
Deferred outflows - OPEB		483,808	
Deferred inflows - OPEB		(2,301,072)	
Net OPEB asset		1,160,948	
Net OPEB liability		(1,294,903)	
Total		(19,077,584)	(19,077,584)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(17,230,000)	
Capital lease obligations		(127,576)	
Compensated absences		(663,016)	
Lease purchase obligations		(1,425,447)	
Total		(19,446,039)	(19,446,039)
Net position of governmental activities		\$	14,841,685

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 7,000,156	\$ 1,182,283	\$ -	\$ 127,543	\$ 8,309,982
Intergovernmental	10,476,552	156,014	-	2,955,033	13,587,599
Investment earnings	14	-	-	2	16
Tuition and fees	2,367,675	-	-	-	2,367,675
Extracurricular	10,261	-	-	111,489	121,750
Charges for services	-	-	-	9,849	9,849
Contributions and donations	-	-	57,180	-	57,180
Miscellaneous	168,173	-	-	834	169,007
Total revenues	<u>20,022,831</u>	<u>1,338,297</u>	<u>57,180</u>	<u>3,204,750</u>	<u>24,623,058</u>
Expenditures:					
Current:					
Instruction:					
Regular	10,134,339	-	-	339,566	10,473,905
Special	1,826,891	-	-	975,376	2,802,267
Vocational	1,854	-	-	-	1,854
Other	434	-	-	-	434
Support services:					
Pupil	736,639	-	-	351,789	1,088,428
Instructional staff	619,966	-	-	39,079	659,045
Board of education	31,147	-	-	-	31,147
Administration	1,240,423	-	-	20,000	1,260,423
Fiscal	470,489	26,642	-	3,408	500,539
Operations and maintenance	1,537,152	-	-	294,843	1,831,995
Pupil transportation	1,684,741	-	-	76,479	1,761,220
Central	67,971	-	-	-	67,971
Operation of non-instructional services:					
Food service operations	-	-	-	882,874	882,874
Other non-instructional services	-	-	-	4,838	4,838
Extracurricular activities	389,402	-	-	123,391	512,793
Facilities acquisition and construction	154,035	-	72,242	24	226,301
Capital outlay	53,839	-	-	-	53,839
Debt service:					
Principal retirement	495,920	605,000	-	-	1,100,920
Interest and fiscal charges	14,769	624,263	-	-	639,032
Total expenditures	<u>19,460,011</u>	<u>1,255,905</u>	<u>72,242</u>	<u>3,111,667</u>	<u>23,899,825</u>
Excess of revenues over (under) expenditures	<u>562,820</u>	<u>82,392</u>	<u>(15,062)</u>	<u>93,083</u>	<u>723,233</u>
Other financing sources (uses):					
Transfers in	-	-	303,097	-	303,097
Transfers (out)	(303,097)	-	-	-	(303,097)
Capital lease transaction	53,839	-	-	-	53,839
Lease purchase transaction	-	-	1,500,000	-	1,500,000
Total other financing sources (uses)	<u>(249,258)</u>	<u>-</u>	<u>1,803,097</u>	<u>-</u>	<u>1,553,839</u>
Net change in fund balances	313,562	82,392	1,788,035	93,083	2,277,072
Fund balances (deficit) at beginning of year	66,230	1,273,359	(160,116)	62,718	1,242,191
Fund balances at end of year	<u>\$ 379,792</u>	<u>\$ 1,355,751</u>	<u>\$ 1,627,919</u>	<u>\$ 155,801</u>	<u>\$ 3,519,263</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

Net change in fund balances - total governmental funds	\$	2,277,072
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 797,449	
Current year depreciation	(1,890,329)	
Total		(1,092,880)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(57,068)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(59,600)	
Donations	(50,000)	
Intergovernmental	314,948	
Total		205,348
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,100,920
Issuance of lease purchase agreements and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(1,553,839)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(23,320)	
Amortization of bond premiums	15,881	
Total		(7,439)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,468,028	
OPEB	37,919	
Total		1,505,947
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,919,193)	
OPEB	151,405	
Total		(1,767,788)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(7,269)
Change in net position of governmental activities	\$	603,004

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 6,322,340	\$ 6,322,340	\$ 6,934,983	\$ 612,643
Intergovernmental	10,116,104	10,116,104	10,472,121	356,017
Investment earnings	110	110	14	(96)
Tuition and fees	3,028,959	3,028,959	2,368,493	(660,466)
Miscellaneous	12,491	12,491	13,879	1,388
Total revenues	<u>19,480,004</u>	<u>19,480,004</u>	<u>19,789,490</u>	<u>309,486</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,215,251	10,551,522	10,147,677	403,845
Special	1,741,332	1,794,884	1,794,884	-
Vocational	-	1,854	1,854	-
Other	74,175	35,890	11,390	24,500
Support services:				
Pupil	886,087	826,087	743,403	82,684
Instructional staff	399,178	605,789	605,789	-
Board of education	35,050	35,050	32,098	2,952
Administration	1,154,628	1,233,789	1,234,692	(903)
Fiscal	486,545	506,545	473,738	32,807
Operations and maintenance	1,258,482	1,758,482	1,597,050	161,432
Pupil transportation	1,373,926	1,685,393	1,685,393	-
Central	88,068	88,068	69,045	19,023
Extracurricular activities	347,055	427,393	373,654	53,739
Facilities acquisition and construction	96,679	409,849	292,527	117,322
Debt service:				
Principal	200,401	216,640	216,640	-
Interest and fiscal charges	9,200	9,444	9,444	-
Total expenditures	<u>18,366,057</u>	<u>20,186,679</u>	<u>19,289,278</u>	<u>897,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,113,947</u>	<u>(706,675)</u>	<u>500,212</u>	<u>1,206,887</u>
Other financing sources (uses):				
Refund of prior year's expenditures	342	342	156,239	155,897
Transfers (out)	-	(333,097)	(303,097)	30,000
Advances (out)	-	(34,201)	(34,201)	-
Total other financing sources (uses)	<u>342</u>	<u>(366,956)</u>	<u>(181,059)</u>	<u>185,897</u>
Net change in fund balance	1,114,289	(1,073,631)	319,153	1,392,784
Fund balance at beginning of year	<u>1,626,817</u>	<u>1,626,817</u>	<u>1,626,817</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,741,106</u>	<u>\$ 553,186</u>	<u>\$ 1,945,970</u>	<u>\$ 1,392,784</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Beaver Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Beaver Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District’s instructional facility staffed by 67 non-certified and 125 certified full-time teaching personnel who provide services to 1,681 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with 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. Following are the more significant of the District’s accounting policies.

A. The Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a jointly governed organization among 23 school districts, 1 community school, 2 educational service centers and 2 career and technical centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The nine-member Board of Directors consists of 2 treasurers and 6 superintendents from participating school districts. The ACCESS treasurer is an ex-officio member of the Board of Directors. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Treasurer at 493 Bev Road, Unit 1, Boardman, Ohio 44512.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Columbiana County Career and Technical Center

The Columbiana County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Columbiana County Career and Technical Center, Katherine Mihalich, who serves as Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

INSURANCE PURCHASING POOL

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP is sponsored by OASBO and administered by CompManagements, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Permanent improvement fund - This fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as authorized by Chapter 5705 of the Ohio Revised Code

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds account for fiduciary activities not required to be reported in a trust fund. The District has no fiduciary funds.

C. Basis of Presentation and Measurement Focus

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

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

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

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and 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.

D. Basis of Accounting

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively.

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

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund's budgetary statement comparison at the fund and function level of expenditures.

Tax Budget:

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021.

Appropriations:

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal level of control.

Lapsing of Appropriations:

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

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

The District’s investment in the State Treasury Asset Reserve of Ohio (STAR 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 and is recognized as an external investment pool by the District. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$14, which includes \$6 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

G. Inventory

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

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. 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 on the fund financial statements.

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

All reported capital assets other than land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and building improvements	30 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees over the age of fifty with at least ten years of service or any age with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 10.A.

L. Net Position

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

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

M. Fund Balance

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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

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

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

N. Pensions/Other Postemployment Benefits (OPEB)

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

O. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as "interfund loans receivable/payable". On fund financial statements, receivables and payables resulting from short-term interfund loans to cover negative cash balances are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column on the statement of net position.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

P. Interfund Activity

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

Q. 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.

R. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

S. 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 imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include lease-purchase agreement proceeds held by an escrow agent.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
ESSER	\$ 450,093
Title VI-B	96,020
Title I	70,712
Supporting effective instruction	4,554
Education jobs	3,700

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 on through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash with Escrow Agent

At fiscal year-end, \$1,125,000 was on deposit at First National Bank of Pennsylvania related to the District's athletic complex lease purchase agreement discussed in Note 9. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below. The balance of this account is reported on the financial statements as "cash with escrow agent" within the permanent improvement fund.

B. Cash on Hand

At fiscal year end, the District had \$25 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

C. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$4,280,448. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2021, \$4,155,707 of the District's bank balance of \$4,405,707 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

As of June 30, 2021, the District had the following investment and maturity:

<u>Investment type</u>	<u>Amortized Cost</u>	<u>Investment Maturities</u> 6 months or less
STAR Ohio	\$ 12,400	\$ 12,400

At June 30, 2021, the weighted average of maturity of the portfolio held by STAR Ohio is 54.4 days.

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

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating by at least one nationally recognized standard rating service.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Investment type</u>	<u>Amortized Cost</u>	<u>% of Total</u>
STAR Ohio	\$ 12,400	100.00

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,280,448
Cash with escrow agent	1,125,000
Cash on hand	25
Investments	<u>12,400</u>
Total	<u>\$ 5,417,873</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 5,417,873</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances for the year ended June 30, 2021, consisted of the following interfund loans receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ <u>75,836</u>

The primary purpose of the interfund balances is to cover cost in the specific nonmajor governmental funds where revenues were not received by June 30. These interfund balances are expected to be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund balances consisted of the following due to/from other funds at June 30, 2021, as reported on the fund statements:

<u>Due from nonmajor governmental funds to:</u>	<u>Amount</u>
General fund	\$ <u>444,864</u>

The primary purpose of the interfund loans due to the general fund are to cover negative cash balances in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements.

- C. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent improvement fund	\$ <u>303,097</u>

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$250,980 in the general fund, \$43,376 in the bond retirement fund, and \$4,594 in the classroom facilities maintenance fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$185,507 in the general fund, \$32,131 in the bond retirement fund, and \$3,400 in the classroom facilities maintenance fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 272,240,710	90.54	\$ 275,448,850	90.28
Public utility personal	<u>28,460,670</u>	<u>9.46</u>	<u>29,651,500</u>	<u>9.72</u>
Total	<u>\$ 300,701,380</u>	<u>100.00</u>	<u>\$ 305,100,350</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.45		\$ 34.45	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, donations, accounts and intergovernmental grants and entitlements. 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.

A summary of the principal items of receivables follows:

Governmental activities:

Property taxes	\$ 7,858,050
Donations	850,000
Accounts	898
Intergovernmental	<u>618,726</u>
Total	<u>\$ 9,327,674</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except donations, are expected to be collected within the subsequent year.

During fiscal year 2020, the District entered into two donation agreements for a total of \$1,000,000. The District received \$50,000 of these donations within fiscal year 2021. The donations will be received in yearly \$50,000 installments from each donor. One donation agreement is through calendar year 2028 and the other donation agreement is through calendar year 2029. \$100,000 is expected to be received in fiscal year 2022 with the remaining \$750,000 in future fiscal years. The donations will be used to finance improvements to the District's athletic facilities.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance			Balance
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2021</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 330,345	\$ -	\$ -	\$ 330,345
Construction in progress	-	153,383	-	153,383
Total capital assets, not being depreciated	<u>330,345</u>	<u>153,383</u>	<u>-</u>	<u>483,728</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	55,650,862	-	-	55,650,862
Furniture and equipment	3,483,526	88,669	(258,305)	3,313,890
Vehicles	2,239,746	555,397	(54,070)	2,741,073
Total capital assets, being depreciated	<u>61,374,134</u>	<u>644,066</u>	<u>(312,375)</u>	<u>61,705,825</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(8,132,457)	(1,493,464)	-	(9,625,921)
Furniture and equipment	(2,307,126)	(286,946)	206,644	(2,387,428)
Vehicles	(1,574,099)	(109,919)	48,663	(1,635,355)
Total accumulated depreciation	<u>(12,013,682)</u>	<u>(1,890,329)</u>	<u>255,307</u>	<u>(13,648,704)</u>
Governmental activities capital assets, net	<u>\$ 49,690,797</u>	<u>\$ (1,092,880)</u>	<u>\$ (57,068)</u>	<u>\$ 48,540,849</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 771,176
Special	48,246
Vocational	11,331
<u>Support services:</u>	
Instructional staff	194,810
Administration	29,184
Fiscal	367
Operations and maintenance	437,667
Pupil transportation	100,863
Food service operations	147,894
Extracurricular	<u>148,791</u>
Total depreciation expense	<u>\$ 1,890,329</u>

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - LEASES - LESSEE DISCLOSURE

A. Capital Leases

During fiscal years 2017 and 2021, the District entered into capital lease agreements for the acquisition of copiers. During fiscal year 2016, the District entered into a \$1,200,000 lease purchase agreement with First Merit Equipment Finance, Inc. for the lease and eventual acquisition of improvements to the District's high school stadium and related appurtenances. During fiscal year 2021, the District entered into a \$1,500,000 lease purchase agreement with First National Bank of Pennsylvania for the lease and eventual acquisition of improvements to the District's athletic complex. These leases meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the copier leases were accounted for as an other financing source and a capital outlay expenditure in the general fund. Capital lease payments have been reclassified and shown as debt service expenditures in the general fund. These expenditures for the copiers will be reflected as function expenditures on a budgetary basis. The general capital assets acquired by the copier capital lease have been capitalized in the governmental activities on the statement of net position in an amount equal to the present value of the future minimum lease payments as of the date of their inception. The fiscal year 2017 copier lease was fully paid off in fiscal year 2021. \$1,125,000 of proceeds related to the fiscal year 2021 athletic complex lease purchase agreement were unspent as of June 30, 2021. \$375,000 of the proceeds were used for field turf, which was capitalized in fiscal year 2020.

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

<u>Fiscal Year Ending June 30,</u>	<u>Stadium</u>	<u>Athletic Complex</u>	<u>Copiers</u>
2022	\$ 96,559	\$ 169,355	\$ 12,190
2023	-	169,355	12,190
2024	-	169,356	12,189
2025	-	169,355	12,190
2026	-	169,355	3,047
2027-2030	-	677,421	-
Total minimum lease payments	96,559	1,524,197	51,806
Less: amount representing interest	<u>(1,757)</u>	<u>(193,552)</u>	<u>(5,221)</u>
Total	<u>\$ 94,802</u>	<u>\$ 1,330,645</u>	<u>\$ 46,585</u>

B. Non-Capital Lease

During fiscal year 2018, the District entered into a long-term lease agreement with Apple, Inc. for iPads. The items acquired by the lease agreement have not been capitalized due to each item being under the capitalization threshold. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the general fund. These expenditures are reported as function expenditures on the budgetary statement.

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - LEASES - LESSEE DISCLOSURE - (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 82,530
Total Minimum lease payments	82,530
Less: amount representing interest	<u>(1,539)</u>
Total	<u>\$ 80,991</u>

NOTE 10 - LONG-TERM OBLIGATIONS

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>06/30/20</u>			<u>06/30/21</u>	<u>Due in</u>
					<u>One Year</u>
Governmental activities:					
General obligation bonds:					
Series 2012:					
Current interest bonds	\$ 17,835,000	\$ -	\$ (605,000)	\$ 17,230,000	\$ 615,000
Other long-term obligations:					
OWDA loan payable	32,159	-	(32,159)	-	-
Stadium lease purchase	279,283	-	(184,481)	94,802	94,802
Athletic lease purchase	-	1,500,000	(169,355)	1,330,645	139,815
Copier capital leases	23,190	53,839	(30,444)	46,585	10,090
iPad lease	160,472	-	(79,481)	80,991	80,991
Net pension liability	18,462,102	1,319,971	-	19,782,073	-
Net OPEB liability	1,547,091	-	(252,188)	1,294,903	-
Compensated absences payable	<u>688,084</u>	<u>68,744</u>	<u>(45,089)</u>	<u>711,739</u>	<u>68,860</u>
Total governmental activities long-term liabilities	<u>\$ 39,027,381</u>	<u>\$ 2,942,554</u>	<u>\$ (1,398,197)</u>	40,571,738	<u>\$ 1,009,558</u>
Add: unamortized premium				<u>308,364</u>	
Total on statement of net position				<u>\$ 40,880,102</u>	

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund.

The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

The District's net OPEB liability/asset is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

See Note 9 for a discussion of the District's lease purchase, capital lease and non-capital lease obligations.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. OWDA Loan

On April 25, 2002, the District entered into a loan agreement with the Ohio Water Development Authority (OWDA) for the purpose of paying water tap fees. The amount financed was \$270,618 at an interest rate of 2 percent. The loan was paid from the general fund. The District completely retired the OWDA loan in fiscal year 2021.

C. General Obligation Bonds - Series 2012

On August 8, 2012, the District issued \$21,498,614 in general obligations bonds. The bond issue represents the District's local share and local funded initiatives of a construction project approved and significantly funded by the Ohio Facilities Construction Commission (OFCC). These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this bond issue are recorded as an expenditure in the bond retirement fund.

This issue is comprised of both current interest bonds, par value \$21,470,000, and capital appreciation bonds, par value \$28,614. The interest rates on the current interest bonds range from 1.75% to 4.00%. The capital appreciation bonds matured on December 1, 2019 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was \$115,000.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2040.

The following is a summary of future annual debt service requirements to maturity for the District's general obligation bonds:

Year Ended	Series 2012 General Obligation Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2022	\$ 615,000	\$ 609,563	\$ 1,224,563
2023	630,000	589,563	1,219,563
2024	655,000	567,956	1,222,956
2025	675,000	548,825	1,223,825
2026	695,000	524,800	1,219,800
2027 - 2031	3,875,000	2,230,593	6,105,593
2032 - 2036	4,565,000	1,531,969	6,096,969
2037 - 2041	5,520,000	569,000	6,089,000
Total	\$ 17,230,000	\$ 7,172,269	\$ 24,402,269

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$11,584,783 (including available funds of \$1,355,751) and an unvoted debt margin of \$305,100.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Administrators, supervisors and classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 285 days for certified employees. Sick leave may be accumulated with no maximum for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of seventy-five days for certified employees, one hundred days for administrative/confidential employees, and one hundred days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

B. Life and Medical Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 per certificated, administration and confidential employees, and classified employees. Life insurance is provided through the Sun Life Insurance Company.

The District has contracted with Ohio School Benefits Cooperative to provide employee medical, hospitalization, prescription, and dental benefits under a fully insured plan. For full time employees the District pays 90% of the premium while the remaining 10% is contributed by the employee.

The Vision Service Plan provides vision insurance. For full time employees the District pays 90% of the premium while the remaining 10% is contributed by the employee.

NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2021, the District had a \$5,000 deductible per occurrence. Liberty Mutual Insurance Company provides liability insurance with varying aggregate limits ranging from \$100,000 to \$3,000,000.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT - (Continued)

Liberty Mutual Insurance Company with a \$2,000 deductible provides commercial auto coverage and a \$1,000,000 combined single limit of liability. 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.

A \$50,000 performance bond is maintained for the Treasurer, and a \$20,000 performance bond is maintained for the Superintendent and Board President through the Harcutt-Hyre Insurance Agency.

For fiscal year 2021, the District participated in the OASBO Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The District’s contractually required contribution to SERS was \$287,430 for fiscal year 2021. Of this amount, \$20,226 is reported as pension and postemployment benefits payable.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$1,180,598 for fiscal year 2021. Of this amount, \$210,948 is reported as pension and postemployment benefits payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.06013610%	0.06721437%	
Proportion of the net pension liability current measurement date	<u>0.05743210%</u>	<u>0.06605679%</u>	
Change in proportionate share	<u>-0.00270400%</u>	<u>-0.00115758%</u>	
Proportionate share of the net pension liability	\$ 3,798,680	\$ 15,983,393	\$ 19,782,073
Pension expense	\$ 279,466	\$ 1,639,727	\$ 1,919,193

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 7,378	\$ 35,864	\$ 43,242
Net difference between projected and actual earnings on pension plan investments	241,139	777,275	1,018,414
Changes of assumptions	-	858,001	858,001
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	27,356	-	27,356
Contributions subsequent to the measurement date	<u>287,430</u>	<u>1,180,598</u>	<u>1,468,028</u>
Total deferred outflows of resources	<u>\$ 563,303</u>	<u>\$ 2,851,738</u>	<u>\$ 3,415,041</u>

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 102,202	\$ 102,202
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>99,105</u>	<u>558,026</u>	<u>657,131</u>
Total deferred inflows of resources	<u>\$ 99,105</u>	<u>\$ 660,228</u>	<u>\$ 759,333</u>

\$1,468,028 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (35,231)	\$ 283,034	\$ 247,803
2023	35,991	81,127	117,118
2024	100,511	347,381	447,892
2025	<u>75,497</u>	<u>299,370</u>	<u>374,867</u>
Total	<u>\$ 176,768</u>	<u>\$ 1,010,912</u>	<u>\$ 1,187,680</u>

Actuarial Assumptions - SERS

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 5,203,728	\$ 3,798,680	\$ 2,619,818

Actuarial Assumptions - STRS

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

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

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

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

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 22,757,569	\$ 15,983,393	\$ 10,242,843

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$37,919.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$37,919 for fiscal year 2021. Of this amount, \$37,919 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.06151970%	0.06721437%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.05958160%</u>	<u>0.06605679%</u>	
Change in proportionate share	<u>-0.00193810%</u>	<u>-0.00115758%</u>	
Proportionate share of the net OPEB liability	\$ 1,294,903	\$ -	\$ 1,294,903
Proportionate share of the net OPEB asset	\$ -	\$ 1,160,948	\$ 1,160,948
OPEB expense	\$ (60,285)	\$ (91,120)	\$ (151,405)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 17,008	\$ 74,389	\$ 91,397
Net difference between projected and actual earnings on OPEB plan investments	14,592	40,689	55,281
Changes of assumptions	220,737	19,164	239,901
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	59,310	-	59,310
Contributions subsequent to the measurement date	<u>37,919</u>	<u>-</u>	<u>37,919</u>
Total deferred outflows of resources	<u>\$ 349,566</u>	<u>\$ 134,242</u>	<u>\$ 483,808</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 658,549	\$ 231,247	\$ 889,796
Changes of assumptions	32,615	1,102,706	1,135,321
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>195,033</u>	<u>80,922</u>	<u>275,955</u>
Total deferred inflows of resources	<u>\$ 886,197</u>	<u>\$ 1,414,875</u>	<u>\$ 2,301,072</u>

\$37,919 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (125,933)	\$ (321,879)	\$ (447,812)
2023	(124,880)	(294,340)	(419,220)
2024	(125,051)	(284,676)	(409,727)
2025	(99,791)	(269,460)	(369,251)
2026	(70,226)	(53,908)	(124,134)
Thereafter	<u>(28,669)</u>	<u>(56,370)</u>	<u>(85,039)</u>
Total	<u>\$ (574,550)</u>	<u>\$ (1,280,633)</u>	<u>\$ (1,855,183)</u>

Actuarial Assumptions - SERS

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no 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, 2034. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,584,929	\$ 1,294,903	\$ 1,064,333
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,019,638	\$ 1,294,903	\$ 1,663,004

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,010,099	\$ 1,160,948	\$ 1,288,936

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,280,991	\$ 1,160,948	\$ 1,014,716

NOTE 15 - SET-ASIDES

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	325,692
Current year qualifying expenditures	(490,088)
Current year offsets	<u>(467,488)</u>
Total	<u>\$ (631,884)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 319,153
Net adjustment for revenue accruals	222,767
Net adjustment for expenditure accruals	(180,337)
Net adjustment for other sources/uses	(68,199)
Funds budgeted elsewhere	(8,480)
Adjustment for encumbrances	28,658
GAAP basis	\$ 313,562

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the public school support fund and the internal rotary fund.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are finalized and were not material.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 - COVID-19

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

NOTE 19 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$1,977,534 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$2,028,776 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.05743210%	0.06013610%	0.05760780%	0.06575320%
District's proportionate share of the net pension liability	\$ 3,798,680	\$ 3,598,048	\$ 3,299,305	\$ 3,928,608
District's covered payroll	\$ 2,004,536	\$ 2,080,393	\$ 1,974,956	\$ 1,998,729
District's proportionate share of the net pension liability as a percentage of its covered payroll	189.50%	172.95%	167.06%	196.56%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07045390%	0.06769800%	0.06925400%	0.06925400%
\$ 5,156,575	\$ 3,862,914	\$ 3,504,906	\$ 4,118,313
\$ 2,279,743	\$ 2,137,580	\$ 2,460,065	\$ 2,560,325
226.19%	180.71%	142.47%	160.85%
62.98%	69.16%	71.70%	65.52%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.06605679%	0.06721437%	0.06792318%	0.06995031%
District's proportionate share of the net pension liability	\$ 15,983,393	\$ 14,864,054	\$ 14,934,782	\$ 16,616,846
District's covered payroll	\$ 8,020,964	\$ 7,759,543	\$ 7,843,836	\$ 7,708,264
District's proportionate share of the net pension liability as a percentage of its covered payroll	199.27%	191.56%	190.40%	215.57%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07116072%	0.07351846%	0.07438438%	0.07438438%
\$ 23,819,638	\$ 20,318,352	\$ 18,092,855	\$ 21,552,091
\$ 7,418,357	\$ 7,600,029	\$ 7,954,546	\$ 8,295,292
321.09%	267.35%	227.45%	259.81%
66.80%	72.10%	74.70%	69.30%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 287,430	\$ 280,635	\$ 280,853	\$ 266,619
Contributions in relation to the contractually required contribution	<u>(287,430)</u>	<u>(280,635)</u>	<u>(280,853)</u>	<u>(266,619)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,053,071	\$ 2,004,536	\$ 2,080,393	\$ 1,974,956
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 279,822	\$ 319,164	\$ 281,733	\$ 340,965	\$ 354,349	\$ 340,747
<u>(279,822)</u>	<u>(319,164)</u>	<u>(281,733)</u>	<u>(340,965)</u>	<u>(354,349)</u>	<u>(340,747)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,998,729	\$ 2,279,743	\$ 2,137,580	\$ 2,460,065	\$ 2,560,325	\$ 2,533,435
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,180,598	\$ 1,122,935	\$ 1,086,336	\$ 1,098,137
Contributions in relation to the contractually required contribution	<u>(1,180,598)</u>	<u>(1,122,935)</u>	<u>(1,086,336)</u>	<u>(1,098,137)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,432,843	\$ 8,020,964	\$ 7,759,543	\$ 7,843,836
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,079,157	\$ 1,038,570	\$ 1,064,004	\$ 1,034,091	\$ 1,078,388	\$ 965,485
<u>(1,079,157)</u>	<u>(1,038,570)</u>	<u>(1,064,004)</u>	<u>(1,034,091)</u>	<u>(1,078,388)</u>	<u>(965,485)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,708,264	\$ 7,418,357	\$ 7,600,029	\$ 7,954,546	\$ 8,295,292	\$ 7,426,808
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.05958160%	0.06151970%	0.05854380%	0.06677730%
District's proportionate share of the net OPEB liability	\$ 1,294,903	\$ 1,547,091	\$ 1,624,163	\$ 1,792,127
District's covered payroll	\$ 2,004,536	\$ 2,080,393	\$ 1,974,956	\$ 1,998,729
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.60%	74.37%	82.24%	89.66%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.07139117%

\$ 2,034,912

\$ 2,279,743

89.26%

11.49%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability/asset	0.06605679%	0.06721437%	0.06792318%	0.06995031%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,160,948)	\$ (1,113,231)	\$ (1,091,456)	\$ 2,729,203
District's covered payroll	\$ 8,020,964	\$ 7,759,543	\$ 7,843,836	\$ 7,708,264
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.47%	14.35%	13.91%	35.41%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.07116072%

\$ 3,805,694

\$ 7,418,357

51.30%

37.30%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 37,919	\$ 38,203	\$ 47,446	\$ 41,950
Contributions in relation to the contractually required contribution	<u>(37,919)</u>	<u>(38,203)</u>	<u>(47,446)</u>	<u>(41,950)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,053,071	\$ 2,004,536	\$ 2,080,393	\$ 1,974,956
Contributions as a percentage of covered payroll	1.85%	1.91%	2.28%	2.12%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 36,640	\$ 35,224	\$ 21,616	\$ 3,569	\$ 4,050	\$ 13,386
<u>(36,640)</u>	<u>(35,224)</u>	<u>(21,616)</u>	<u>(3,569)</u>	<u>(4,050)</u>	<u>(13,386)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,998,729	\$ 2,279,743	\$ 2,137,580	\$ 2,460,065	\$ 2,560,325	\$ 2,533,435
1.83%	1.55%	1.01%	0.15%	0.16%	0.53%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,432,843	\$ 8,020,964	\$ 7,759,543	\$ 7,843,836
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 82,262	\$ 77,028	\$ 68,963
-	-	-	(82,262)	(77,028)	(68,963)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,708,264	\$ 7,418,357	\$ 7,600,029	\$ 7,954,546	\$ 8,295,292	\$ 7,426,808
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Education
Beaver Local School District
Columbiana County, Ohio
46088 Bell School Road
East Liverpool, Ohio 43920

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, Ohio (the “District”) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated February 24, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
February 24, 2022

**Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Education
Beaver Local School District
Columbiana County, Ohio
46088 Bell School Road
East Liverpool, Ohio 43920

Report on Compliance for Each Major Federal Program

We have audited the Beaver Local School District's, Columbiana County, Ohio (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Beaver Local School District, Columbiana County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
February 24, 2022

Beaver Local School District
Columbiana County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	ALN	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Expanding Opportunities for Each Child- Non Competitive Grant	2021	84.010A	\$ 8,152	\$ 0
Title I Grants to Local Educational Agencies	2020	84.010	38,318	0
Title I Grants to Local Educational Agencies	2021	84.010A	376,325	0
Total Title I Grants to Local Educational Agencies			<u>422,795</u>	<u>0</u>
<i>Special Education Cluster:</i>				
Special Education - Grants to States	2020	84.027	26,961	0
Special Education - Grants to States	2021	84.027A	364,851	0
Total Special Education - Grants to States			<u>391,812</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>391,812</u>	<u>0</u>
Improving Teacher Quality State Grants	2021	84.367A	69,375	0
Title IV-A Student Support and Academic Enrichment	2020	84.424	349	0
Title IV-A Student Support and Academic Enrichment	2021	84.424A	29,697	0
Total Title IV-A Student Support and Academic Enrichment			<u>30,046</u>	<u>0</u>
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	2021	84.425D	556,622	0
Total U.S. Department of Education			<u>1,470,650</u>	<u>0</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education:</i>				
Coronavirus Relief Fund	2021	21.019	111,846	0
Total U.S. Department of Treasury			<u>111,846</u>	<u>0</u>
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	(D)	2021	10.555	28,343
School Breakfast Program	(D)	2021	10.553	16,218
			<u>44,561</u>	<u>0</u>
<i>Cash Assistance:</i>				
National School Lunch Program	(C)	2021	10.555	411,277
COVID-19 National School Lunch Program	(C)	2021	10.555	194,171
School Breakfast Program	(C)	2021	10.553	225,550
COVID-19 School Breakfast Program	(C)	2021	10.553	120,876
<i>Cash Assistance Subtotal</i>			<u>951,874</u>	<u>0</u>
<i>Total Child Nutrition Cluster</i>			<u>996,435</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>996,435</u>	<u>0</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,578,931</u>	<u>\$ 0</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

Beaver Local School District
Columbiana County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

Beaver Local School District
Columbiana County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(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?	None Reported
(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): Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund	CFDA # 84.425D
(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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



BEAVER LOCAL SCHOOL DISTRICT

COLUMBIANA 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 3/24/2022

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

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