



OHIO AUDITOR OF STATE
KEITH FABER



**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2021**

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BELMONT COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2022

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Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- Net position increased \$4,311,022.
- General revenues accounted for \$16,189,565 in revenue or approximately 69 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$7,150,123 or approximately 31 percent of total revenues of \$23,339,688.
- Total assets of governmental activities increased \$6,694,490, primarily due to increases in current and other assets, most notably cash and cash equivalents. Total liabilities of governmental activities increased by \$2,068,269, primarily due to increases in the net pension liability.
- The School District had \$19,028,666 in expenses related to governmental activities; only \$7,150,123 of these expenses were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General revenues of \$16,189,565 were adequate to provide for these programs.
- Total Governmental Funds had \$23,207,589 in revenues and \$19,211,143 in expenditures. Overall, including other financing sources and uses, total governmental fund balances increased \$3,996,446.

Using this Annual Financial Report

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

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

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School 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 School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting accounts for all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are, the General Fund and the Schoolwide Pool Special Revenue Fund.

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

Reporting the School District's Fiduciary Responsibilities

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

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1, presented as follows, provides a summary of the School District's net position for fiscal year 2021 compared to fiscal year 2020.

Table 1
Net Position

	2021	2020	Change
Assets			
Current and Other Assets	\$37,616,888	\$31,397,428	\$6,219,460
Net OPEB Assets	669,504	619,083	50,421
Capital Assets	17,172,213	16,747,604	424,609
<i>Total Assets</i>	<u>55,458,605</u>	<u>48,764,115</u>	<u>6,694,490</u>
Deferred Outflows of Resources			
Pension	2,926,426	2,756,013	170,413
OPEB	593,232	412,179	181,053
<i>Total Deferred Outflows of Resources</i>	<u>3,519,658</u>	<u>3,168,192</u>	<u>351,466</u>
Liabilities			
Current and Other Liabilities	2,402,004	1,875,989	526,015
Long-Term Liabilities:			
Due Within One Year	142,434	185,339	(42,905)
Due in More Than One Year:			
Net Pension Liability	13,314,467	11,784,209	1,530,258
Net OPEB Liability	1,368,954	1,501,767	(132,813)
Other Amounts	6,871,723	6,684,009	187,714
<i>Total Liabilities</i>	<u>24,099,582</u>	<u>22,031,313</u>	<u>2,068,269</u>
Deferred Inflows of Resources			
Property Taxes	6,368,547	5,145,653	1,222,894
Pension	403,706	1,246,959	(843,253)
OPEB	1,660,090	1,373,066	287,024
<i>Total Deferred Inflows of Resources</i>	<u>8,432,343</u>	<u>7,765,678</u>	<u>666,665</u>
Net Position			
Net Investment in Capital Assets	10,780,475	10,734,357	46,118
Restricted	8,896,236	6,828,927	2,067,309
Unrestricted (Deficit)	6,769,627	4,572,032	2,197,595
<i>Total Net Position</i>	<u>\$26,446,338</u>	<u>\$22,135,316</u>	<u>\$4,311,022</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$6,694,490. Currents assets increased \$6,219,460 primarily due to increases in cash and cash equivalents. The School District has maintained consistent spending levels for operations while property tax revenues have increased primarily due to increases in the assessed valuation of public utility personal property. During fiscal year 2021, the School District was able to fund significant capital asset additions through Elementary and Secondary School Emergency Relief (ESSER) Funding, without needing to draw on its current existing cash balances. In addition to the increases in cash and cash equivalents, property taxes receivable and intergovernmental receivables increased. The increase in property taxes receivable was primarily due to the aforementioned increases in assessed valuation, as well as a new tax levy approved by the votes in November of 2020, with collections set to begin in 2022. The increase in intergovernmental receivables is primarily due to ESSER and other coronavirus related grant funding. Capital assets increased \$424,609 primarily due to construction in progress for a Bipolar Ionization/Energy Project.

The School District's total liabilities increased \$2,068,269. Current and other liabilities increased \$526,015 primarily due to increases in contracts payable related to the School District's current construction projects. Long-term liabilities increased \$1,542,254, primarily due to an increase in the net pension liability, which as addressed earlier, represents the School District's proportionate share of the unfunded benefits of the retirement systems.

In order to further understand what makes up the changes in net position for the current year, the following tables give readers further details regarding the results of activities for 2021 and 2020.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2
Changes in Net Position

	2021	2020	Change
Revenues			
Program Revenue:			
Charges for Services and Sales	\$2,124,519	\$2,011,946	\$112,573
Operating Grants and Contributions	3,672,955	2,965,789	707,166
Capital Grants and Contributions	1,352,649	40,000	1,312,649
<i>Total Program Revenue</i>	<u>7,150,123</u>	<u>5,017,735</u>	<u>2,132,388</u>
General Revenues:			
Property Taxes	6,700,175	6,898,310	(198,135)
Grants and Entitlements	9,138,105	8,885,444	252,661
Gifts and Donations	18,423	15,361	3,062
Investments Earnings	103,436	616,049	(512,613)
Miscellaneous	229,426	414,670	(185,244)
<i>Total General Revenue</i>	<u>16,189,565</u>	<u>16,829,834</u>	<u>(640,269)</u>
<i>Total Revenues</i>	<u>\$23,339,688</u>	<u>\$21,847,569</u>	<u>\$1,492,119</u>
Program Expenses			
Instruction:			
Regular	\$6,996,569	\$7,298,980	(\$302,411)
Special	3,541,221	3,633,721	(92,500)
Vocational	68,881	67,597	1,284
Student Intervention Services	160,304	157,477	2,827
Support Services:			
Pupils	1,791,802	1,296,041	495,761
Instructional Staff	242,596	395,656	(153,060)
Board of Education	33,774	32,230	1,544
Administration	1,291,059	1,359,311	(68,252)
Fiscal	532,390	500,880	31,510
Business	16,002	24,052	(8,050)
Operation and Maintenance of Plant	2,005,406	1,984,656	20,750
Pupil Transportation	1,162,997	1,148,016	14,981
Central	86,727	92,006	(5,279)
Operation of Non-Instructional Services	133,392	4,137	129,255
Food Service Operations	557,047	630,409	(73,362)
Extracurricular Activities	408,499	471,194	(62,695)
Interest and Fiscal Charges	0	8,359	(8,359)
<i>Total Expenses</i>	<u>19,028,666</u>	<u>19,104,722</u>	<u>(76,056)</u>
Change in Net Position	4,311,022	2,742,847	1,568,175
<i>Net Position Beginning of Year</i>	<u>22,135,316</u>	<u>19,392,469</u>	<u>2,742,847</u>
<i>Net Position End of Year</i>	<u>\$26,446,338</u>	<u>\$22,135,316</u>	<u>\$4,311,022</u>

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

In fiscal year 2021, 29 percent of the School District's revenues were from property taxes, and 39 percent were from unrestricted grants and entitlements. Charges for services program revenue increased \$112,573 primarily due to increases in tuition and fees. Operating grants and contributions program revenue increased \$707,166 from the prior fiscal year primarily due to increases in grant funding related to various coronavirus relief programs. Capital grants and contributions program revenue increased \$1,312,649 due to Elementary and Secondary School Emergency Relief Funding used to finance a construction project.

Instruction comprises approximately 57 percent of total governmental program expenses. Of the instructional expenses approximately 65 percent is for regular instruction, approximately 33 percent is for special instruction, with vocational instruction and student intervention services comprising the remaining 2 percent. Overall program expenses decreased over the prior fiscal year in the amount of \$76,056, or less than half of a percent.

The Statement of Activities shows the cost of program services and the charges for services and sales, operating grants and contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2021 compared to fiscal year 2020. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Program Expenses				
Instruction:				
Regular	\$6,996,569	\$7,298,980	\$5,289,942	\$5,960,949
Special	3,541,221	3,633,721	1,834,766	1,964,551
Vocational	68,881	67,597	55,129	53,845
Student Intervention Services	160,304	157,477	160,304	155,418
Support Services:				
Pupils	1,791,802	1,296,041	512,433	320,577
Instructional Staff	242,596	395,656	235,520	384,039
Board of Education	33,774	32,230	33,774	32,230
Administration	1,291,059	1,359,311	1,239,119	1,297,671
Fiscal	532,390	500,880	529,223	498,789
Business	16,002	24,052	16,002	24,052
Operation and Maintenance of Plant	2,005,406	1,984,656	551,856	1,816,849
Pupil Transportation	1,162,997	1,148,016	1,084,997	1,148,016
Central	86,727	92,006	86,727	92,006
Operation of Non-Instructional Services	133,392	4,137	(27,833)	(2,062)
Food Service Operations	557,047	630,409	(11,847)	168,597
Extracurricular Activities	408,499	471,194	288,431	163,101
Interest and Fiscal Charges	0	8,359	0	8,359
Total Expenses	\$19,028,666	\$19,104,722	\$11,878,543	\$14,086,987

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 62 percent of expenses are supported through taxes and other general revenues.

Bellaire Local School District
Management's Discussion and Analysis
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The School District's Funds

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Schoolwide Pool Special Revenue Fund. The General Fund had revenues in the amount of \$17,676,059 and expenditures in the amount of \$12,665,791. Including other financing sources and uses, the balance of the General Fund increased \$1,300,848. General Fund total revenues decreased from the prior year, most notably investment earnings as increases in the average maturity of securities within the investment portfolio impacting the market value. The General Fund's expenditure increases were more across the various functional accounts. The Schoolwide Pool Special Revenue Fund had revenues in the amount of \$482,164 and expenditures in the amount of \$2,291,194. Overall, including other financing sources, the Schoolwide Pool Special Revenue Fund had no change in fund balance.

Budgeting Highlights

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

During the course of fiscal 2021 the School District amended its General Fund appropriations, and the budgetary statements reflect both the original and final estimated resources and appropriations. There were no changes between the original and final estimated resources, and actual revenues exceeded final estimates in total. The only change to original and final appropriations, was an increase for regular instruction. The actual results of operations were different than the budgeted amounts as actual expenditures were less, in total, than budgeted.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021 the School District had \$17,172,213 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Table 4
Capital Assets Net of Depreciation

	2021	2020
Land	\$718,812	\$718,812
Construction in Progress	1,357,621	102,501
Land Improvements	820,591	919,578
Buildings and Improvements	12,584,890	13,424,529
Furniture and Equipment	387,531	283,435
Vehicles	1,302,768	1,298,749
Totals	\$17,172,213	\$16,747,604

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

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Debt

At June 30, 2021 the School District had \$6,000,000 in general obligation bonds outstanding. The amount represents the 2015 Qualified Zone Academy Bonds (QZAB), which will be paid off in one installment from the balance of the debt service sinking escrow account held by a fiscal agent. See Note 14 for more information on the QZAB as well as the School District's other long-term obligations, including compensated absences, net pension liability, and net OPEB liability.

Economic Factors

The mission statement of the Bellaire Local School District is to “Strive to develop students who will become productive citizens in both school and later in the community. These students will be given the opportunity to develop healthy self-esteem, respectful attitudes, and a skill base that will prepare them to be successful adults.” Approximately 52 percent of the School District's students are economically disadvantaged and 20 percent are identified as students with disabilities.

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

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

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

During fiscal year 2020, the School District was closed during the last few months of the school year due to the COVID-19 pandemic with the students learning remotely. The School District realized decreases in State Funding for fiscal year 2020 and partial cuts in fiscal year 2021.

During fiscal year 2021, The School District started renovations on the High School Clock Tower and started an energy savings project to replace the HVAC and add bipolar ionization to combat COVID-19 in all school buildings. The School District continues to upgrade technology in the classroom for students and teachers. This School District is also investing in “Project Lead the Way”, to offer 21st learning and around STEM and Engineering.

Bellaire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Contacting the School District's Financial Management

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

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Bellaire Local School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$24,948,340
Intergovernmental Receivable	1,297,516
Accrued Interest Receivable	32,895
Prepaid Items	30,399
Materials and Supplies Inventory	85,212
Property Taxes Receivable	7,269,782
Cash and Cash Equivalents with Fiscal Agents	1,458,281
Investments with Fiscal and Escrow Agents	2,494,463
Net OPEB Asset	669,504
Non-Depreciable Capital Assets	2,076,433
Depreciable Capital Assets, Net	15,095,780
<i>Total Assets</i>	<i>55,458,605</i>
Deferred Outflows of Resources	
Pension	2,926,426
OPEB	593,232
<i>Total Deferred Outflows of Resources</i>	<i>3,519,658</i>
Liabilities	
Accounts Payable	11,266
Contracts Payable	391,738
Unearned Revenue	52,052
Accrued Wages and Benefits Payable	1,059,102
Intergovernmental Payable	420,502
Vacation Benefits Payable	51,480
Claims Payable	415,864
Long-Term Liabilities:	
Due Within One Year	142,434
Due In More Than One Year:	
Net Pension Liability	13,314,467
Net OPEB Liability	1,368,954
Other Amounts	6,871,723
<i>Total Liabilities</i>	<i>24,099,582</i>
Deferred Inflows of Resources	
Property Taxes	6,368,547
Pension	403,706
OPEB	1,660,090
<i>Total Deferred Inflows of Resources</i>	<i>8,432,343</i>
Net Position	
Net Investment in Capital Assets	10,780,475
Restricted for:	
Capital Projects	2,854,643
Debt Service	2,494,463
Classroom Facilities Maintenance	1,399,226
State Programs	989,391
Federal Programs	493,339
Food Service	210,252
Student Activity Programs	106,085
Other Purposes	348,837
Unrestricted	6,769,627
<i>Total Net Position</i>	<i>\$26,446,338</i>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$6,996,569	\$1,232,852	\$473,775	\$0	(\$5,289,942)
Special	3,541,221	0	1,706,455	0	(1,834,766)
Vocational	68,881	0	13,752	0	(55,129)
Student Intervention Services	160,304	0	0	0	(160,304)
Support Services:					
Pupils	1,791,802	735,901	543,468	0	(512,433)
Instructional Staff	242,596	0	7,076	0	(235,520)
Board of Education	33,774	0	0	0	(33,774)
Administration	1,291,059	0	51,940	0	(1,239,119)
Fiscal	532,390	0	3,167	0	(529,223)
Business	16,002	0	0	0	(16,002)
Operation and Maintenance of Plant	2,005,406	14,500	164,401	1,274,649	(551,856)
Pupil Transportation	1,162,997	0	0	78,000	(1,084,997)
Central	86,727	0	0	0	(86,727)
Operation of Non-Instructional Services	133,392	0	161,225	0	27,833
Food Service Operations	557,047	21,198	547,696	0	11,847
Extracurricular Activities	408,499	120,068	0	0	(288,431)
<i>Total Governmental Activities</i>	<u>\$19,028,666</u>	<u>\$2,124,519</u>	<u>\$3,672,955</u>	<u>\$1,352,649</u>	<u>(11,878,543)</u>
General Revenues					
Property Taxes Levied for General Purposes					6,056,447
Property Taxes Levied for Capital Outlay					544,103
Property Taxes Levied for Buildings Maintenance					99,625
Grants and Entitlements not Restricted to Specific Programs					9,138,105
Gifts and Donations					18,423
Investment Earnings					103,436
Miscellaneous					229,426
<i>Total General Revenues</i>					<u>16,189,565</u>
Change in Net Position					4,311,022
<i>Net Position Beginning of Year</i>					<u>22,135,316</u>
<i>Net Position End of Year</i>					<u>\$26,446,338</u>

See accompanying notes to the basic financial statements

Bellaire Local School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$17,349,008	\$0	\$7,436,025	\$24,785,033
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	6,605	0	0	6,605
Investments with Fiscal and Escrow Agents	0	0	2,494,463	2,494,463
Receivables:				
Accrued Interest	32,895	0	0	32,895
Property Taxes	6,545,800	0	723,982	7,269,782
Intergovernmental	266,066	0	1,031,450	1,297,516
Interfund	420,544	295,355	0	715,899
Prepaid Items	29,732	0	667	30,399
Materials and Supplies Inventory	61,230	0	23,982	85,212
<i>Total Assets</i>	<u>\$24,711,880</u>	<u>\$295,355</u>	<u>\$11,710,569</u>	<u>\$36,717,804</u>
Liabilities				
Accounts Payable	\$0	\$0	\$11,266	\$11,266
Contracts Payable	0	0	391,738	391,738
Accrued Wages and Benefits Payable	690,177	261,726	107,199	1,059,102
Interfund Payable	214,598	0	501,301	715,899
Intergovernmental Payable	349,020	33,629	37,853	420,502
<i>Total Liabilities</i>	<u>1,253,795</u>	<u>295,355</u>	<u>1,049,357</u>	<u>2,598,507</u>
Deferred Inflows of Resources				
Property Taxes	5,711,833	0	656,714	6,368,547
Unavailable Revenue	811,342	0	168,306	979,648
<i>Total Deferred Inflows of Resources</i>	<u>6,523,175</u>	<u>0</u>	<u>825,020</u>	<u>7,348,195</u>
Fund Balances				
Nonspendable				
Inventories	61,230	0	23,982	85,212
Prepaid	29,732	0	667	30,399
Unclaimed Monies	6,605	0	0	6,605
Restricted for:				
Capital Projects	0	0	2,791,682	2,791,682
Debt Service	0	0	2,494,463	2,494,463
Classroom Facilities Maintenance	0	0	1,391,151	1,391,151
State Programs	0	0	985,007	985,007
Federal Programs	0	0	8,673	8,673
Food Service	0	0	186,026	186,026
Student Activity Programs	0	0	106,085	106,085
Other Purposes	0	0	348,837	348,837
Committed to:				
Termination Benefits	200,000	0	0	200,000
Capital Projects	0	0	1,500,000	1,500,000
Assigned to Purchases on Order	25,194	0	0	25,194
Unassigned (Deficit)	16,612,149	0	(381)	16,611,768
<i>Total Fund Balances</i>	<u>16,934,910</u>	<u>0</u>	<u>9,836,192</u>	<u>26,771,102</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$24,711,880</u>	<u>\$295,355</u>	<u>\$11,710,569</u>	<u>\$36,717,804</u>

See accompanying notes to the basic financial statements

Bellaire Local School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021*

Total Governmental Fund Balances		\$26,771,102
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,172,213
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental Revenues	124,989	
Delinquent Property Taxes	596,921	
Tuition and Fees Revenues	257,738	
Total	979,648	979,648
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		1,147,067
Vacation benefits payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources are therefore are not reported in the funds.		(51,480)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Qualified Zone Academy Bonds	6,000,000	
Compensated Absences	1,014,157	
Total	(7,014,157)	(7,014,157)
The net pension liability and the net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	669,504	
Deferred Outflows - Pension	2,926,426	
Deferred Outflows - OPEB	593,232	
Net Pension Liability	(13,314,467)	
Net OPEB Liability	(1,368,954)	
Deferred Inflows - Pension	(403,706)	
Deferred Inflows - OPEB	(1,660,090)	
Total	(12,558,055)	(12,558,055)
<i>Net Position of Governmental Activities</i>		\$26,446,338

See accompanying notes to the basic financial statements

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

	General	Schoolwide Pool	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$5,995,989	\$0	\$639,433	\$6,635,422
Intergovernmental	10,211,533	482,164	3,494,334	14,188,031
Investment Earnings	98,257	0	(2,413)	95,844
Tuition and Fees	1,112,940	0	379,173	1,492,113
Extracurricular Activities	35,836	0	118,039	153,875
Rent	14,500	0	0	14,500
Gifts and Donations	4,433	0	13,990	18,423
Charges for Services	2,029	0	377,926	379,955
Miscellaneous	200,542	0	28,884	229,426
<i>Total Revenues</i>	<u>17,676,059</u>	<u>482,164</u>	<u>5,049,366</u>	<u>23,207,589</u>
Expenditures				
Current:				
Instruction:				
Regular	4,989,782	1,026,549	252,101	6,268,432
Special	2,111,336	1,011,813	377,573	3,500,722
Vocational	65,213	0	0	65,213
Student Intervention Services	155,603	0	0	155,603
Support Services:				
Pupil	716,088	0	986,020	1,702,108
Instructional Staff	38,249	0	145,073	183,322
Board of Education	21,375	0	0	21,375
Administration	1,046,962	252,832	0	1,299,794
Fiscal	496,985	0	13,389	510,374
Business	16,002	0	0	16,002
Operation and Maintenance of Plant	1,686,287	0	141,688	1,827,975
Pupil Transportation	974,582	0	78,000	1,052,582
Central	85,709	0	0	85,709
Operation of Non-Instructional Services	10,039	0	123,353	133,392
Food Service Operations	0	0	538,064	538,064
Extracurricular Activities	251,579	0	120,183	371,762
Capital Outlay	0	0	1,478,714	1,478,714
<i>Total Expenditures</i>	<u>12,665,791</u>	<u>2,291,194</u>	<u>4,254,158</u>	<u>19,211,143</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,010,268</u>	<u>(1,809,030)</u>	<u>795,208</u>	<u>3,996,446</u>
Other Financing Sources (Uses)				
Transfers In	0	1,809,030	1,900,390	3,709,420
Transfers Out	(3,709,420)	0	0	(3,709,420)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,709,420)</u>	<u>1,809,030</u>	<u>1,900,390</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,300,848	0	2,695,598	3,996,446
<i>Fund Balances Beginning of Year</i>	<u>15,634,062</u>	<u>0</u>	<u>7,140,594</u>	<u>22,774,656</u>
<i>Fund Balances End of Year</i>	<u><u>\$16,934,910</u></u>	<u><u>\$0</u></u>	<u><u>\$9,836,192</u></u>	<u><u>\$26,771,102</u></u>

See accompanying notes to the basic financial statements

Bellaire Local School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds \$3,996,446

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

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

Capital Outlay	1,635,771	
Current Year Depreciation	<u>(1,160,807)</u>	
Total		474,964

Capital Assets removed from the capital asset account on the Statement of Net Position in a loss on disposal of capital assets on the Statement of Activities. (50,355)

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

Intergovernmental Revenues	(24,322)	
Delinquent Property Taxes	64,753	
Tuition and Fees Revenues	<u>84,076</u>	
Total		124,507

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

Vacation Benefits Payable	290	
Compensated Absences	<u>(144,809)</u>	
Total		(144,519)

The internal service fund used by management to charge the costs of insurance to individual funds is included in the Statement of Activities and not on the governmental fund statements. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities. 349,308

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

Pension	1,035,788	
OPEB	<u>42,919</u>	
Total		1,078,707

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

Pension	(1,552,380)	
OPEB	<u>34,344</u>	
Total		<u>(1,518,036)</u>

Change in Net Position of Governmental Activities \$4,311,022

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,252,479	\$6,252,479	\$6,626,995	\$374,516
Intergovernmental	11,213,240	11,213,240	10,168,346	(1,044,894)
Interest	0	0	192,951	192,951
Tuition and Fees	0	0	1,112,940	1,112,940
Extracurricular Activities	125,000	125,000	35,836	(89,164)
Rent and Royalties	0	0	14,500	14,500
Gifts and Donations	0	0	4,433	4,433
Charges for Services	0	0	2,029	2,029
Miscellaneous	52,500	52,500	205,031	152,531
<i>Total Revenues</i>	<u>17,643,219</u>	<u>17,643,219</u>	<u>18,363,061</u>	<u>719,842</u>
Expenditures				
Current:				
Instruction:				
Regular	5,216,769	5,516,772	4,932,139	584,633
Special	2,110,630	2,110,630	2,080,149	30,481
Vocational	69,554	69,554	64,840	4,714
Student Intervention Services	158,723	158,723	155,603	3,120
Support Services:				
Pupils	655,077	655,077	702,386	(47,309)
Instructional Staff	65,444	65,444	38,355	27,089
Board of Education	21,703	21,703	21,874	(171)
Administration	1,168,864	1,168,864	1,070,093	98,771
Fiscal	482,191	482,191	494,984	(12,793)
Business	25,000	25,000	17,108	7,892
Operation and Maintenance of Plant	1,886,628	1,886,628	1,703,654	182,974
Pupil Transportation	1,022,384	1,022,384	972,260	50,124
Central	97,223	97,223	85,709	11,514
Operation of Non-Instructional Services	0	0	10,039	(10,039)
Extracurricular Activities	253,093	253,093	247,748	5,345
<i>Total Expenditures</i>	<u>13,233,283</u>	<u>13,533,286</u>	<u>12,596,941</u>	<u>936,345</u>
<i>Excess of Revenues Over Expenditures</i>	4,409,936	4,109,933	5,766,120	1,656,187
Other Financing Uses				
Transfers Out	(3,084,675)	(3,084,675)	(3,614,330)	(529,655)
<i>Net Change in Fund Balance</i>	1,325,261	1,025,258	2,151,790	1,126,532
<i>Fund Balance Beginning of Year</i>	15,600,273	15,600,273	15,600,273	0
Prior Year Encumbrances Appropriated	25,958	25,958	25,958	0
<i>Fund Balance End of Year</i>	<u>\$16,951,492</u>	<u>\$16,651,489</u>	<u>\$17,778,021</u>	<u>\$1,126,532</u>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
<i>Total Revenues</i>	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	1,402,913	1,402,913	1,008,140	394,773
Special	1,055,156	1,055,156	996,395	58,761
Support Services:				
Administration	316,931	316,931	252,186	64,745
<i>Total Expenditures</i>	<u>2,775,000</u>	<u>2,775,000</u>	<u>2,256,721</u>	<u>518,279</u>
<i>Excess of Revenues Under Expenditures</i>	(2,775,000)	(2,775,000)	(2,256,721)	518,279
Other Financing Sources				
Transfers In	2,955,531	2,955,531	2,257,434	(698,097)
<i>Net Change in Fund Balance</i>	180,531	180,531	713	(179,818)
<i>Fund Balance Beginning of Year</i>	<u>(179,911)</u>	<u>(179,911)</u>	<u>(179,911)</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$620</u></u>	<u><u>\$620</u></u>	<u><u>(\$179,198)</u></u>	<u><u>(\$179,818)</u></u>

See accompanying notes to the basic financial statements

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

	Governmental Activity
	<u>Internal Service Fund</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$156,702
Cash and Cash Equivalents with Fiscal Agents	<u>1,458,281</u>
<i>Total Assets</i>	<u>1,614,983</u>
Current Liabilities	
Unearned Revenue	52,052
Claims Payable	<u>415,864</u>
<i>Total Liabilities</i>	<u>467,916</u>
Net Position	
Unrestricted	<u>1,147,067</u>
<i>Total Net Position</i>	<u>\$1,147,067</u>

See accompanying notes to the basic financial statements

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

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	\$2,793,799
Operating Expenses	
Purchased Services	708,716
Claims	1,743,367
<i>Total Operating Expenses</i>	2,452,083
<i>Operating Income</i>	341,716
Non-Operating Revenues	
Interest	7,592
<i>Change in Net Position</i>	349,308
<i>Net Position Beginning of Year</i>	797,759
<i>Net Position End of Year</i>	\$1,147,067

See accompanying notes to the basic financial statements

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

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$2,793,799
Other Operating Revenues	3,021,397
Cash Payments for Services	(708,716)
Cash Payments for Claims	(3,767,643)
	1,338,837
<i>Net Cash Provided by Operating Activities</i>	<i>1,338,837</i>
Cash Flows from Investing Activities	
Interest	7,592
	7,592
<i>Net Cash Provided by Investing Activities</i>	<i>7,592</i>
<i>Net Increase in Cash and Cash Equivalents</i>	1,346,429
<i>Cash and Cash Equivalents Beginning of Year</i>	268,554
<i>Cash and Cash Equivalents End of Year</i>	\$1,614,983
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$341,716
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	952,950
Increase in Unearned Revenue	52,052
Decrease in Claims Payable	(7,881)
	997,027
<i>Net Cash Provided by Operating Activities</i>	<i>\$1,338,837</i>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$516,236
Investments	<u>5,000</u>
<i>Total Assets</i>	<u>521,236</u>
Net Position	
Held in Trust for Scholarships	<u>521,236</u>
<i>Total Net Position</i>	<u><u>\$521,236</u></u>

See accompanying notes to the basic financial statements

Bellaire Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	<u>Private Purpose Trust</u>
Additions	
Interest	\$544
Deductions	
Payments in Accordance with Trust Agreements	<u>7,000</u>
<i>Change in Net Position</i>	(6,456)
<i>Net Position Beginning of Year</i>	<u>527,692</u>
<i>Net Position End of Year</i>	<u><u>\$521,236</u></u>

See accompanying notes to the basic financial statements

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1839 when Jacob Davis Jr. became the first school teacher in Bellaire. The first schoolhouse was also erected in 1839. The current district was originally made up of schools in Bellaire, Key, Pultney and other outlying areas and one-room schools. The final consolidation of these districts was in January 1960 when the Key-Pultney District joined the Bellaire District. The Bellaire School District consolidated again in 2001 when seven elementary and middle school buildings were closed and the district moved to two new facilities. Bellaire Elementary School consists of grades kindergarten through fourth; Bellaire Middle School encompasses grades five through eight and Bellaire High School houses grades nine through twelve. The School District encompasses 48 square miles of rolling hills and small communities in Belmont County. The District's eastern border is the Ohio River. The School District is staffed by 63 non-certificated employees, 81 full-time teaching personnel and 10 administrative employees who provide services to 1,090 students and other community members. The School District currently operates 3 instructional buildings, 1 administrative building, 2 maintenance buildings, and 1 bus garage.

Reporting Entity:

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

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

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

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District has a private purpose trust fund which accounts for various college scholarships for students. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial funds are used to account for assets held by the School District and distributed for the benefit of Ohio High School Athletic Association. For fiscal year 2021, the custodial fund had no activity.

Measurement Focus

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

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and related deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Basis of Accounting

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

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

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and contributions and donations. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 11 and 12.

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

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

Cash and Cash Equivalents

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

During fiscal year 2021, investments were limited to money market mutual funds, negotiable certificates of deposit, commercial paper, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, US Treasury Notes, and non-negotiable certificates of deposit. Non-negotiable certificates of deposits are reported at cost.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$98,257 which includes \$28,028 assigned from other School District funds.

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

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

Restricted Assets

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

Prepaid Items

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

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-50 Years
Buildings and Improvements	20-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

Interfund Balances

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

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

Compensated Absences

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

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

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

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

Bond Premiums and Discounts

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

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

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

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

Interfund Activity

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

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

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

Fund Balance

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

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2021, the School District has a committed fund balance for termination benefits and capital projects.

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

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

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

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

Net Position

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

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

Operating Revenues and Expenses

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Estimates

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

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

Budgetary Data

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

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) Statement No. 98, *The Annual Comprehensive Financial Report*. GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The School District is also implementing Implementation Guide No. 2019-1. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Bellaire Local School District
Notes to the Basic Financial Statements
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3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transactions (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. The investment market value adjustment is the amount recorded to bring investments to market value on the balance sheet (GAAP basis) that is not recorded on the budgetary (Cash basis).

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

Net Change in Fund Balance		Schoolwide
	General	Pool
GAAP Basis	\$1,300,848	\$0
Revenue Accruals	814,591	(482,164)
Transfers In	0	448,404
Beginning Market Value Adjustment	(279,729)	0
Ending Market Value Adjustment	152,140	0
Expenditure Accruals	94,044	34,473
Transfers Out	95,090	0
Encumbrances	(25,194)	0
Budget Basis	\$2,151,790	\$713

NOTE 5 - DEPOSIT AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2021, the School District's internal service fund had a balance of \$1,458,281 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 18). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2021, \$8,323,453 of the School District's total bank balance of \$8,578,793 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Rating	Percent of Total Investments
Net Asset Value Per Share:				
Money Market Mutual Fund	13,170	Average 23 Days	Aaa-mf*	0.07%
Money Market Mutual Fund	<u>14,667</u>	Less Than 1 Year	Aaa-mf*	0.07%
<i>Total Net Asset Value Per Share</i>	<u><u>27,837</u></u>			
Fair Value - Level 2 Inputs:				
Commerical Paper	999,205	Less Than 1 Year	P-1*	5.11%
Negotiable Certificates of Deposit	2,155,726	Less Than 1 Year	N/A	11.02%
Negotiable Certificates of Deposit	3,074,162	Less Than 2 Years	N/A	15.71%
Negotiable Certificates of Deposit	1,013,313	Less Than 3 Years	N/A	5.18%
Negotiable Certificates of Deposit	1,399,948	Less Than 4 Years	N/A	7.15%
Federal Farm Credit Bank Notes	250,352	Less Than 1 Year	Aaa*	1.28%
Federal Farm Credit Bank Notes	2,175,352	Less Than 3 Years	Aaa*	11.12%
Federal Farm Credit Bank Notes	1,926,425	Less Than 4 Years	Aaa*	9.84%
Federal Farm Credit Bank Notes	1,115,940	Less Than 5 Years	Aaa*	5.70%
Federal Home Loan Bank Notes	330,063	Less Than 1 Year	Aaa*	1.69%
Federal Home Loan Bank Notes	1,999,972	Less Than 5 Years	Aaa*	10.22%
Federal Home Loan Mortgage Corporation Notes	994,025	Less Than 4 Years	Aaa*	5.08%
Federal Home Loan Mortgage Corporation Notes	334,397	Less Than 5 Years	Aaa*	1.71%
Federal National Mortgage Association Notes	841,939	Less Than 5 Years	Aaa*	4.30%
US Treasury Notes	433,678	Less Than 5 Years	AA+**	2.22%
US Treasury Notes	250,910	Less Than 1 Year	AA+**	1.28%
US Treasury Notes	<u>244,809</u>	Less Than 6 Months	AA+**	1.25%
<i>Total Fair Value - Level 2 Inputs</i>	<u><u>19,540,216</u></u>			
<i>Total Investments</i>	<u><u>19,568,053</u></u>			<u><u>100.00%</u></u>

Investment ratings provided by Moody's Investor Services (*) and Standard & Poor's (**)

Bellaire Local School District
Notes to the Basic Financial Statements
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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2021. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

At June 30, 2021, the School District had investments with fiscal and escrow agents for the debt service sinking escrow account held by a fiscal agent. See Note 14 for more information.

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

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

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

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Bellaire Local School District
Notes to the Basic Financial Statements
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Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Belmont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2021 was \$280,363 in the General Fund, \$19,765 in the Permanent Improvement Capital Projects Fund, and \$4,186 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2020 was \$911,369 in the General Fund, \$69,723 in the Permanent Improvement Capital Projects Fund, and \$14,755 in the Classroom Facilities Maintenance Special Revenue Fund.

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

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$148,254,720	56.13%	\$148,183,630	51.71%
Public Utility Personal	115,878,990	43.87%	138,402,080	48.29%
Total Assessed Values	\$264,133,710	100.00%	\$286,585,710	100.00%
Tax Rate per \$1,000 of assessed valuation		\$31.85		\$31.85

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

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, interfund, intergovernmental grants, and tuition and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$596,921 may not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Excess Costs from Other School Districts	\$270,027
Public Preschool Grant	27,559
ESSER Grant	739,051
Title I Grant	120,361
IDEA Part B Grant	116,051
Title II-A Improving Teacher Quality Grant	15,075
Title IV-A Grant	<u>9,392</u>
Total Intergovernmental Receivable	<u><u>\$1,297,516</u></u>

NOTE 8 - TAX ABATEMENTS

School District property taxes were reduced through an Enterprise Zone Tax Exemption established by Belmont County. This program provides property tax abatements to encourage new investment within an area which overlaps the School District. For fiscal year 2021, School District property tax revenues were reduced \$13,681 by the abatements authorized under the Enterprise Zone Tax Exemption.

NOTE 9 - CAPITAL ASSETS

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

Bellaire Local School District
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	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Non-Depreciable Capital Assets:				
Land	\$718,812	\$0	\$0	\$718,812
Construction in Progress	102,501	1,357,621	(102,501)	1,357,621
Total Non-Depreciable Capital Assets	821,313	1,357,621	(102,501)	2,076,433
Depreciable Capital Assets:				
Land Improvements	2,420,894	0	0	2,420,894
Buildings and Improvements	32,292,418	42,128	0	32,334,546
Furniture and Equipment	1,690,050	165,471	(77,177)	1,778,344
Vehicles	1,764,358	173,052	(81,109)	1,856,301
Total Depreciable Capital Assets	38,167,720	380,651	(158,286)	38,390,085
Accumulated Depreciation:				
Land Improvements	(1,501,316)	(98,987)	0	(1,600,303)
Buildings and Improvements	(18,867,889)	(881,767)	0	(19,749,656)
Furniture and Equipment	(1,406,615)	(61,375)	77,177	(1,390,813)
Vehicles	(465,609)	(118,678)	30,754	(553,533)
Total Accumulated Depreciation	(22,241,429)	(1,160,807)*	107,931	(23,294,305)
Total Depreciable Capital Assets, Net	15,926,291	(780,156)	(50,355)	15,095,780
Governmental Capital Assets, Net	\$16,747,604	\$577,465	(\$152,856)	\$17,172,213

*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$752,738
Special	6,164
Vocational	748
Support Services:	
Pupil	871
Instructional Staff	58,670
Board of Education	4,409
Administration	3,617
Fiscal	11,579
Operation and Maintenance of Plant	85,714
Pupil Transportation	170,391
Central	1,018
Food Service Operations	15,228
Extracurricular Activities	49,660
Total Depreciation Expense	\$1,160,807

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

NOTE 10 - RISK MANAGEMENT

Property, Fleet, and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 18). The School District contracted with the Ohio School Plan for liability, property, and fleet insurance. The type and amount of coverage provided by Ohio School Plan follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$75,861,074
Automotive Liability (\$1,000 deductible)	11,000,000
Uninsured Motorist (\$1,000 deductible)	1,000,000
<i>General Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	13,000,000
Personal and Advertising Injury Limit - Each Occurance:	11,000,000
<i>Sexual Misconduct Liability:</i>	
Each Occurance	11,000,000
<i>School Leaders Errors and Omissions Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	13,000,000
<i>Employee Benefits Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	13,000,000
<i>Employer's Liability:</i>	
Each Occurance	11,000,000
Aggregated Limit	11,000,000
Disease - Each Employee	11,000,000

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

Workers' Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Paramount Preferred Solutions provides administrative, cost control and actuarial services to the GRP.

Employee Benefits

Medical/surgical and prescription drug are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which

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Notes to the Basic Financial Statements
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monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan. The monthly premium for this coverage is \$958.72 for a single plan and \$2,328.14 for a family plan. The Board share of the premium for medical/surgical and prescription drug coverage is 85 percent for certified staff and 90 percent for classified staff. The premium is paid from the fund that pays the salary of the covered employee.

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

The claims liability of a \$415,864 reported in the internal service fund at June 30, 2021 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

<u>Program</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
Self Insurance - Health				
2020	\$241,211	\$3,266,329	\$3,083,795	\$423,745
2021	423,745	1,743,367	1,751,248 (1)	415,864
(1) Cash Payments for Claims			\$3,767,643	
- Stop Loss Received for 2021 Claims			<u>(2,016,395)</u>	
Claims Payments			<u>\$1,751,248</u>	

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Bellaire Local School District
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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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

The School District's contractually required contribution to SERS was \$338,018 for fiscal year 2021. Of this amount \$51,609 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$697,770 for fiscal year 2021. Of this amount \$99,727 is reported as an intergovernmental 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Bellaire Local School District
Notes to the Basic Financial Statements
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	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06194320%	0.03809409%	
Prior Measurement Date	<u>0.05880000%</u>	<u>0.03737882%</u>	
Change in Proportionate Share	<u>0.00314320%</u>	<u>0.00071527%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,097,053	\$9,217,414	\$13,314,467
Pension Expense	\$542,668	\$1,009,712	\$1,552,380

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$7,958	\$20,682	\$28,640
Changes of assumptions	0	494,797	494,797
Net difference between projected and actual earnings on pension plan investments	260,080	448,244	708,324
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	113,721	545,156	658,877
School District contributions subsequent to the measurement date	<u>338,018</u>	<u>697,770</u>	<u>1,035,788</u>
Total Deferred Outflows of Resources	<u>\$719,777</u>	<u>\$2,206,649</u>	<u>\$2,926,426</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$58,939	\$58,939
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>20,580</u>	<u>324,187</u>	<u>344,767</u>
Total Deferred Inflows of Resources	<u>\$20,580</u>	<u>\$383,126</u>	<u>\$403,706</u>

\$1,035,788 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$50,665	\$200,136	\$250,801
2023	120,681	366,234	486,915
2024	108,407	330,310	438,717
2025	81,426	229,073	310,499
Total	\$361,179	\$1,125,753	\$1,486,932

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Decrease (8.50%)</u>
School District's proportionate share of the net pension liability	\$5,612,463	\$4,097,053	\$2,825,596

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Actuarial Assumptions – STRS

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

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan

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members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$13,123,993	\$9,217,414	\$5,906,914

NOTE 12 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$42,919.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$42,919 for fiscal year 2021. Of this amount \$42,919 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06298880%	0.03809409%	
Prior Measurement Date	<u>0.05971740%</u>	<u>0.03737882%</u>	
Change in Proportionate Share	<u>0.00327140%</u>	<u>0.00071527%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$1,368,954	\$0	\$1,368,954
Net OPEB (Asset)	\$0	(\$669,504)	(\$669,504)
OPEB Expense	\$22,741	(\$57,085)	(\$34,344)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$17,980	\$42,898	\$60,878
Changes of assumptions	233,359	11,052	244,411
Net difference between projected and actual earnings on OPEB plan investments	15,425	23,463	38,888
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	104,620	101,516	206,136
School District contributions subsequent to the measurement date	<u>42,919</u>	<u>0</u>	<u>42,919</u>
Total Deferred Outflows of Resources	<u>\$414,303</u>	<u>\$178,929</u>	<u>\$593,232</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$696,208	\$133,355	\$829,563
Changes of assumptions	34,481	635,915	670,396
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>33,208</u>	<u>126,923</u>	<u>160,131</u>
Total Deferred Inflows of Resources	<u>\$763,897</u>	<u>\$896,193</u>	<u>\$1,660,090</u>

\$42,919 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 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:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$77,788)	(\$190,162)	(\$267,950)
2023	(76,672)	(174,281)	(250,953)
2024	(76,854)	(168,708)	(245,562)
2025	(81,591)	(122,957)	(204,548)
2026	(61,039)	(28,968)	(90,007)
Thereafter	(18,569)	(32,188)	(50,757)
Total	(\$392,513)	(\$717,264)	(\$1,109,777)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (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.

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	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$1,675,564	\$1,368,954	\$1,125,197

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,077,946	\$1,368,954	\$1,758,103

Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

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

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$582,511)	(\$669,504)	(\$743,312)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$738,731)	(\$669,504)	(\$585,173)

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Other Insurance Benefits

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

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NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due In One Year
General Obligation Bonds:					
Direct Borrowing and Direct Placement Bonds:					
2015 Qualified Zone Academy Bonds, \$6,000,000 @ 0%	6,000,000	0	0	6,000,000	0
Net Pension Liability:					
SERS	3,518,108	578,945	0	4,097,053	0
STRS	8,266,101	951,313	0	9,217,414	0
<i>Total Net Pension Liability</i>	<u>11,784,209</u>	<u>1,530,258</u>	<u>0</u>	<u>13,314,467</u>	<u>0</u>
Net OPEB Liability					
SERS	1,501,767	0	132,813	1,368,954	0
Compensated Absences	869,348	145,857	1,048	1,014,157	142,432
<i>Total Governmental Activities</i>	<u>\$20,155,324</u>	<u>\$1,676,115</u>	<u>\$133,861</u>	<u>\$21,697,578</u>	<u>\$142,432</u>

The School District’s outstanding bonds from direct financing and direct placements totaled \$6,000,000 as of June 30, 2021. Discussion of such issues, including the terms specified in debt agreements related to significant events of default with finance-related consequences and termination events with finance-related consequences, are as follows:

2015 Qualified Zone Academy Bonds - On December 1, 2015, the School District issued \$6,000,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), to be used to fund building equipment, the Electro Retro Fit energy efficiency project and the Bellaire STEM Education Academy. The QZAB matures in 2030, with the entire principal balance coming due at maturity. The QZAB does not bear interest. As part of the issuance, the School District is required to place \$400,000 of base lease payments, annually, beginning on December 1, 2016, into a debt service sinking escrow account held by a fiscal agent. The base lease payments will be invested, and the balance in the account will be used for the final bond repayment in 2030. The value of the fiscal agent account is recorded as restricted investments with fiscal and escrow agents in the debt service fund in the amount of \$2,494,463 at June 30, 2021. These bonds, from direct placements, include provisions in the event of default that the bank may (1) terminate the lease and take possession of the property, (2) sell or lease or sublease its interest in the property while holding the School District liable for all base lease payments due during the then-current term, (3) direct the School District to pay all amounts on deposit in the sinking escrow fund, or (4) exercise any other means under appropriate statute or court order to enforce the terms.

The School District's overall legal debt margin was \$22,287,177, with an unvoted debt margin of \$286,586 at June 30, 2021.

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

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

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

NOTE 15 - COMMITMENTS

Encumbrances

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

General	\$25,194
Other Nonmajor Governmental	353,955
	\$379,149
Total	\$379,149

Construction Commitments

The School District has entered into contractual commitments for various construction/improvement projects. A summary of these commitments is presented below.

Project	Fund	Contract Amount	Completed as of 6/30/2021	Amount Remaining on Contract
Bipolar Ionization/Energy Project	Elementary and Secondary School Emergency Relief Fund	\$3,640,190	\$1,274,038	\$2,366,152
High School Bell Tower Project Design Phase	Permanent Improvement Fund	58,500	51,755	6,745
Visitor Grandstand Project	Permanent Improvement Fund	114,740	31,828	82,912
Total		\$3,813,430	\$1,357,621	\$2,455,809

NOTE 16 - INTERNAL BALANCES

Interfund balances at June 30, 2021 consist of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Total</u>
	<u>General</u>	<u>Schoolwide Pool</u>	
General	\$0	\$214,598	\$214,598
Other Nonmajor Governmental	420,544	80,757	501,301
Total	\$420,544	\$295,355	\$715,899

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

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

Interfund transfers for the year ended June 30, 2021 consisted of the following:

<u>Transfers from</u>	Transfers to		<u>Total</u>
	Schoolwide Pool	Other Nonmajor Governmental	
General	\$1,809,030	\$1,900,390	\$3,709,420

Transfers from the General Fund to the Schoolwide Pool Fund were used to move receipts in accordance with the schoolwide building program. Transfers from the General Fund to Other Nonmajor Governmental Funds were for the annual debt service sinking payments to the QZAB debt service escrow account; to accumulate resources for capital projects; and to provide operating resources for the Miscellaneous Local, and Student Activities Special Revenue Funds.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards. The Board exercises total control over the district including budgeting, appropriating, contracting, and designates management. During fiscal year 2021, the School District made no contributions to the Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at 68090 Hammond Road, St. Clairsville, Ohio 43950.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2021, the total amount paid to OME-RESA from the School District was \$15,741 for technology services and \$22,965 for financial accounting services and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including over 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2021.

NOTE 18 - PUBLIC ENTITY POOLS

Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$750 for policy year 2021 was paid to Paramount Preferred Solutions.

Ohio School Plan (OSP) - The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Hylant Administrative Services and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Hylant Administrative Service is the sales and marketing representative, which establishes agreements between OSP and member schools.

Risk-Sharing, Claims Servicing, and Insurance Purchasing Pool

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

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

NOTE 19 - RELATED ORGANIZATION

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

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	208,315
Current Year Offsets	<u>(785,995)</u>
Totals	<u><u>(\$577,680)</u></u>
Balance Carried Forward to Fiscal Year 2022	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2021	<u><u>\$0</u></u>

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

NOTE 21 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

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

Litigation

The School District is not currently party to pending legal proceedings.

Oil/Gas Leases

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

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

At the date of the financial statements, the full value of any potential future royalties cannot be determined.

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

NOTE 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 23 - SUBSEQUENT EVENTS

State Foundation Funding

For fiscal year 2022, School 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 School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,751,446 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$778,687 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local

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

capacity amount” for each School District. The School 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.

High School Clock Tower Project

On July 12, 2021, the Board of Education awarded the contract for the construction phase of for the High School Clock Tower Project to Jarvis, Downing & Emch, Inc. (JD&E Construction Services) in the amount of \$668,000. The projects costs are to be paid from the existing balance of the Classroom Facilities Maintenance Special Revenue Fund.

Nelson Field Grandstand and Press Box Project

On November 3, 2021, the Board of Education awarded the contract for the Nelson Field Grandstand and Press Box Project to Dant Clayton in the amount of \$989,225.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.06194320%	0.05880000%	0.06070480%	0.05753860%
School District's Proportionate Share of the Net Pension Liability	\$4,097,053	\$3,518,108	\$3,476,676	\$3,437,803
School District's Covered Payroll	\$2,171,593	\$2,017,170	\$1,982,037	\$1,755,343
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	174.41%	175.41%	195.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

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

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

See accompanying notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05694480%	0.59326200%	0.06358900%	0.06358900%
\$4,167,835	\$3,385,211	\$3,218,203	\$3,781,433
\$1,784,900	\$1,796,039	\$1,845,296	\$1,935,388
233.51%	188.48%	174.40%	195.38%
62.98%	69.16%	71.70%	65.52%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.03809409%	0.03737882%	0.03592031%	0.03198396%
School District's Proportionate Share of the Net Pension Liability	\$9,217,414	\$8,266,101	\$7,898,070	\$7,597,858
School District's Covered Payroll	\$4,614,779	\$4,391,279	\$4,121,600	\$3,571,771
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.74%	188.24%	191.63%	212.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%

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

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

See accompanying notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03752161%	0.03838273%	0.03846581%	0.03846581%
\$12,559,613	\$10,607,863	\$9,356,216	\$11,145,062
\$3,944,179	\$4,006,729	\$3,896,254	\$4,178,182
318.43%	264.75%	240.13%	266.74%
66.80%	72.10%	74.70%	69.30%

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06298880%	0.05971740%	0.06116250%	0.05818140%	0.05766010%
School District's Proportionate Share of the Net OPEB Liability	\$1,368,954	\$1,501,767	\$1,696,813	\$1,561,436	\$1,643,526
School District's Covered Payroll	\$2,171,593	\$2,017,170	\$1,982,037	\$1,755,343	\$1,784,900
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.04%	74.45%	85.61%	88.95%	92.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to required supplementary information

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.03809409%	0.03737882%	0.03592031%	0.03198396%	0.03752161%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$669,504)	(\$619,083)	(\$557,201)	\$1,247,896	\$2,006,665
School District's Covered Payroll	\$4,614,779	\$4,391,279	\$4,121,600	\$3,571,117	\$3,944,179
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.51%	-14.10%	-13.52%	34.94%	50.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to required supplementary information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$338,018	\$304,023	\$272,318	\$267,575
Contributions in Relation to the Contractually Required Contribution	<u>(338,018)</u>	<u>(304,023)</u>	<u>(272,318)</u>	<u>(267,575)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,414,414	\$2,171,593	\$2,017,170	\$1,982,037
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	\$42,919	\$34,365	\$44,000	\$41,076
Contributions in Relation to the Contractually Required Contribution	<u>(42,919)</u>	<u>(34,365)</u>	<u>(44,000)</u>	<u>(41,076)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.78%</u>	<u>1.58%</u>	<u>2.18%</u>	<u>2.07%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.78%</u>	<u>15.58%</u>	<u>15.68%</u>	<u>15.57%</u>

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

(2) Includes Surcharge

See accompanying notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$245,748	\$249,886	\$236,718	\$255,758	\$267,858	\$293,898
<u>(245,748)</u>	<u>(249,886)</u>	<u>(236,718)</u>	<u>(255,758)</u>	<u>(267,858)</u>	<u>(293,898)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,755,343	\$1,784,900	\$1,796,039	\$1,845,296	\$1,935,388	\$2,185,117
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$30,753	\$28,974	\$45,703	\$35,136	\$38,209	\$45,739
<u>(30,753)</u>	<u>(28,974)</u>	<u>(45,703)</u>	<u>(35,136)</u>	<u>(38,209)</u>	<u>(45,739)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.75%</u>	<u>1.62%</u>	<u>2.54%</u>	<u>1.90%</u>	<u>1.97%</u>	<u>2.09%</u>
<u>15.75%</u>	<u>15.62%</u>	<u>15.72%</u>	<u>15.76%</u>	<u>15.81%</u>	<u>15.54%</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$697,770	\$646,069	\$614,779	\$577,024
Contributions in Relation to the Contractually Required Contribution	<u>(697,770)</u>	<u>(646,069)</u>	<u>(614,779)</u>	<u>(577,024)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,984,071	\$4,614,779	\$4,391,279	\$4,121,600
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$500,048	\$552,185	\$560,942	\$506,513	\$543,164	\$589,207
<u>(500,048)</u>	<u>(552,185)</u>	<u>(560,942)</u>	<u>(506,513)</u>	<u>(543,164)</u>	<u>(589,207)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,571,771	\$3,944,179	\$4,006,729	\$3,896,254	\$4,178,182	\$4,532,364
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$38,963	\$41,782	\$45,324
<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,963)</u>	<u>(41,782)</u>	<u>(45,324)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

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

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

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

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

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

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	10.555	N/A	\$0	\$35,964
Cash Assistance:				
School Breakfast Program	10.553	043570-05PU-21	0	166,086
School Breakfast Program - Covid-19	10.553	043570-05PU-21	0	20,746
National School Lunch Program	10.555	043570-LLP4-21	0	282,417
National School Lunch Program - Covid-19	10.555	043570-LLP4-21	0	33,174
Cash Assistance Subtotal			<u>0</u>	<u>502,423</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			0	538,387
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education</i>				
Broadband Ohio Connectivity - Covid-19	21.019	2021	0	9,519
CRF-Rural and Small Town - Covid -19		2021	0	81,317
			<u>0</u>	<u>90,836</u>
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Coronavirus Relief - Covid-19	21.019	2021	0	25,000
Total U.S. Department of Treasury			0	115,836
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	043570-C1S1-20	0	67,844
		043570-C1S1-21	0	380,431
Total Title I Grants to Local Educational Agencies			0	448,275
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	84.027	043570-6BSF-20	0	49,869
		043570-6BSF-21	0	287,164
Total Special Education, Grants to States (IDEA, Part B)			<u>0</u>	<u>337,033</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	n/a	4,982	4,982
Total Special Education Cluster (IDEA)			4,982	342,015
Title V-B Rural and Low Income	84.358	n/a	0	22,221
Supporting Effective Instruction State Grants	84.367	043570-TRS1-20	0	8,603
		043570-TRS1-21	0	49,092
Total Supporting Effective Instruction State Grants			<u>0</u>	<u>57,695</u>
Title IV, Part A Student Support and Academic Enrichment Grant	84.424A	043570-20	0	5,525
		043570-21	0	30,590
Total Title IV, Part A Student Support and Academic Enrichment Grant			<u>0</u>	<u>36,115</u>
Elementary and Secondary School Emergency Relief Fund I	84.425D	043570	0	265,192
Elementary and Secondary School Emergency Relief Fund II		043570	0	919,799
Total Elementary and Secondary School Emergency Relief Fund			<u>0</u>	<u>1,184,991</u>
Total U.S. Department of Education			4,982	2,091,312
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	n/a	0	9,416
Total U.S. Department of Health and Human Services			<u>0</u>	<u>9,416</u>
Total Expenditures of Federal Awards			<u>\$4,982</u>	<u>\$2,754,951</u>

The accompanying notes are an integral part of this Schedule.

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Bellaire Local School District (the School District) under programs of the federal government for the year ended June 30, 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bellaire Local School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 7, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

School District's Response to Finding

The School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 7, 2022

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program (list): <ul style="list-style-type: none"> • 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**

FINDING NUMBER 2021-001

Significant Deficiency

Per the School District's internal control procedures, continuing contracts are to be located in each employee's personnel file and signed by the Board President, Treasurer, and employee. For employees not hired on a continuing basis, a limited contract is issued. A limited contract must be signed by the Board President, Treasurer, and employee.

We noted that 13% of employment contracts tested were not present in the employee personnel file.

**BELLAIRE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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

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

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

Significant Deficiency (Continued)

The control procedures established to ensure employee personnel files are complete were not always working as intended.

Not having an employment contract on file could result in paying the employee for the wrong amount or for the incorrect job position.

The School District should establish additional procedures to help ensure that all employee files contain the current applicable contract to that employee.

Officials' Response: See Corrective Action Plan on page 91.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

BELLAIRE LOCAL SCHOOL DISTRICT

340 34th Street - Bellaire, OH 43906-1513 - 740 - 676-1826 - FAX 740 - 671-6002

Derrick McAfee
Superintendent

Cathy Moore
Treasurer



BOARD OF EDUCATION:

Jason Ayers

James LaRoche

William Marinelli

Susie Rataiczak

Jim Thoburn

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2021

Finding Number:

2021-001

Planned Corrective Action:

This was a clerical error that has been resolved with new and enhanced internal controls.

Anticipated Completion Date:

June 30, 2022

Responsible Contact Person:

Cathy Moore

OHIO AUDITOR OF STATE KEITH FABER



BELLAIRE LOCAL SCHOOL DISTRICT

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/22/2022

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