

BELMONT HARRISON VOCATIONAL SCHOOL DISTRICT

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

***Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701***

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Education
Belmont-Harrison Vocational School District
68090 Hammond Road
St. Clairsville, Ohio 43950-9817

We have reviewed the *Independent Auditors' Report* of Belmont-Harrison Vocational School District, Belmont County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period July 1, 2019 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 20, 2022

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**BELMONT HARRISON VOCATIONAL SCHOOL DISTRICT
BELMONT COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Belmont Harrison Vocational School District
Belmont County
68090 Hammond Road
St. Clairsville, Ohio 43950

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 Belmont Harrison Vocational School District, Belmont County, Ohio as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 Belmont Harrison Vocational School District, Belmont County, Ohio as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, required budgetary comparison schedule 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 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2021, on our consideration of the Belmont Harrison Vocational 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 Belmont Harrison Vocational School District's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
November 29, 2021

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Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

The discussion and analysis of the Belmont-Harrison Vocational School District's 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 basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- In total, net position increased \$465,269.
- General revenues accounted for \$7,585,227 in revenue or approximately 83 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,535,306 or approximately 17 percent of total revenues of \$9,120,533.
- Total assets of governmental activities increased \$1,130,407 primarily due to an increases in both cash and property taxes. Total liabilities of governmental activities increased \$285,265 primarily due to an increase in net pension liability.
- The School District had \$8,655,264 in expenses related to governmental activities; only \$1,535,306 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$7,585,227 were adequate to provide for these programs.
- Total governmental funds had \$9,111,329 in revenues and \$8,433,903 in expenditures. Overall, the net change in total governmental fund balances, including other financing sources (uses) was an increase of \$677,426.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Belmont-Harrison Vocational 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 conditions.

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.

Belmont-Harrison Vocational 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 Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 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 takes into account 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 that net position. 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, all of the School District's activities are considered to be Governmental Activities including instruction, support services, food service operations, extracurricular activities, and debt service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's 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 multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General 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 fiscal yearend 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 governmental operations and the basic services it provides. Governmental fund information helps the reader 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'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.

Belmont-Harrison Vocational 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 provides a summary of the School District's net position for 2021 compared to 2020.

Table 1
Net Position
Governmental Activities

	2021	2020	Change
Assets			
Current and Other Assets	\$11,169,003	\$10,280,579	\$888,424
Net OPEB Asset	505,502	486,516	18,986
Capital Assets	5,246,962	5,023,965	222,997
<i>Total Assets</i>	<u>16,921,467</u>	<u>15,791,060</u>	<u>1,130,407</u>
Deferred Outflows of Resources			
Pension	1,616,393	1,704,688	(88,295)
OPEB	254,346	193,380	60,966
<i>Total Deferred Outflows of Resources</i>	<u>1,870,739</u>	<u>1,898,068</u>	<u>(27,329)</u>
Liabilities			
Current and Other Liabilities	705,595	1,039,003	(333,408)
Long-Term Liabilities			
Due Within One Year	111,624	100,244	11,380
Due in More than One Year:			
Net Pension Liability	8,448,533	7,728,548	719,985
Net OPEB Liability	481,678	525,450	(43,772)
Other Amounts	814,282	883,202	(68,920)
<i>Total Liabilities</i>	<u>10,561,712</u>	<u>10,276,447</u>	<u>285,265</u>
Deferred Inflows of Resources			
Property Taxes	3,734,530	3,199,116	535,414
Payment in Lieu of Taxes	22,640	22,914	(274)
Pension	229,149	502,568	(273,419)
OPEB	870,355	779,532	90,823
<i>Total Deferred Inflows of Resources</i>	<u>4,856,674</u>	<u>4,504,130</u>	<u>352,544</u>
Net Position			
Net Investment in Capital Assets	4,831,962	4,294,329	537,633
Restricted	288,811	222,299	66,512
Unrestricted (Deficit)	(1,746,953)	(1,608,077)	(138,876)
<i>Total Net Position</i>	<u><u>\$3,373,820</u></u>	<u><u>\$2,908,551</u></u>	<u><u>\$465,269</u></u>

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

The net pension liability (NPL) is the largest 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. 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 \$1,130,407. Current and other assets increased \$888,424. The increase in current and other assets is primarily due to increases in cash and cash equivalents, as the School District continues to be conservative in its spending. Additionally, increases in assessed valuation, primarily for public utility property, have resulted in an increase in property taxes receivable.. The School District also reflects an OPEB asset in the amount of \$505,502. Capital assets increased \$222,997 primarily due to completed construction in progress from restroom renovations at both the Belmont and Harrison county campuses.

Total liabilities increased \$285,265. Current and other liabilities decreased \$333,408 due to decreased contracts and retainage payable as a result of completed construction projects from the prior fiscal year. Long-term liabilities increased \$618,673, primarily due to an increase in net pension liability. These increases were offset by a decrease in the net OPEB liability, as well as annual debt service payments on long-term debt.

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

Belmont-Harrison Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2
Changes in Net Position
Governmental Activities

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for Services and Sales	\$255,661	\$368,335	(\$112,674)
Operating Grants and Contributions	1,279,645	1,030,122	249,523
<i>Total Program Revenues</i>	<u>1,535,306</u>	<u>1,398,457</u>	<u>136,849</u>
General Revenues:			
Property Taxes	3,286,613	3,608,145	(321,532)
Revenue in Lieu of Taxes	14,290	10,706	3,584
Grants and Entitlements not Restricted to Specific Programs	4,207,162	4,216,101	(8,939)
Investment Earnings	8,834	89,577	(80,743)
Others	68,328	48,981	19,347
<i>Total General Revenues</i>	<u>7,585,227</u>	<u>7,973,510</u>	<u>(388,283)</u>
<i>Total Revenues</i>	<u>9,120,533</u>	<u>9,371,967</u>	<u>(251,434)</u>
Program Expenses			
Instruction:			
Regular	316,205	255,736	60,469
Vocational	4,535,894	4,504,192	31,702
Student Intervention Services	76,126	64,203	11,923
Support Services:			
Pupil	689,506	668,009	21,497
Instructional Staff	147,842	121,493	26,349
Board of Education	27,040	26,514	526
Administration	995,060	971,251	23,809
Fiscal	421,819	385,193	36,626
Operation and Maintenance of Plant	912,819	836,458	76,361
Pupil Transportation	8,940	7,449	1,491
Central	225,436	270,623	(45,187)
Food Service Operations	264,908	247,927	16,981
Extracurricular	25,714	48,975	(23,261)
Interest and Fiscal Charges	7,955	8,672	(717)
<i>Total Expenses</i>	<u>8,655,264</u>	<u>8,416,695</u>	<u>238,569</u>
Change in Net Position	465,269	955,272	(490,003)
<i>Net Position (Deficit) Beginning of Year</i>	<u>2,908,551</u>	<u>1,953,279</u>	<u>955,272</u>
<i>Net Position End of Year</i>	<u>\$3,373,820</u>	<u>\$2,908,551</u>	<u>\$465,269</u>

Belmont-Harrison Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited*

In fiscal year 2021, approximately 36 percent of the School District's revenues were from property taxes, and approximately 46 percent were from unrestricted grants and entitlements. Charges for services program revenue decreased \$112,674 primarily due to a decrease in tuition and fees, cafeteria sales, and extracurricular activities. Operating grants and contributions program revenue increased \$249,523 from the prior fiscal year. The ongoing COVID-19 pandemic impacted the changes in both revenue sources, as participation in fee based programs decreased, while federal relief funding increased.

The School District receives revenue in lieu of taxes as part of Tax Increment Financing (TIF) agreements with the Village of Cadiz, Belmont County, and the City of St. Clairsville. See Note 7 for further details.

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 92 percent is for vocational instruction, approximately 6 percent is for regular instruction, and the remaining is for student intervention services. Overall program expenses increased over the prior year in the amount of \$238,569, primarily due to increases in pension expense and depreciation of capital assets..

The Statement of Activities shows the cost of program services and the charges for services, grants, 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
Governmental Activities**

	<u>Total Cost of Service</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program Expenses				
Instruction				
Regular	\$316,205	\$255,736	\$309,580	\$255,736
Vocational	4,535,894	4,504,192	3,597,971	3,625,087
Student Intervention Services	76,126	64,203	76,126	64,203
Support Services				
Pupil	689,506	668,009	421,810	464,416
Instructional Staff	147,842	121,493	105,018	68,317
Board of Education	27,040	26,514	27,040	26,514
Administration	995,060	971,251	986,191	963,292
Fiscal	421,819	385,193	421,819	385,193
Operation and Maintenance of Plant	912,819	836,458	902,766	836,458
Pupil Transportation	8,940	7,449	8,940	7,449
Central	225,436	270,623	225,436	270,623
Food Service Operations	264,908	247,927	12,944	32,703
Extracurricular Activities	25,714	48,975	16,362	9,575
Interest and Fiscal Charges	7,955	8,672	7,955	8,672
<i>Total Expenses</i>	<u>\$8,655,264</u>	<u>\$8,416,695</u>	<u>\$7,119,958</u>	<u>\$7,018,238</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 82 percent of expenses are supported through taxes and other general revenues.

Belmont-Harrison Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had \$8,349,029 in revenues and \$7,308,075 in expenditures. Overall, the General Fund's balance decreased by \$19,046.

General Fund 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 statement reflects both the original and final appropriated amounts. Final estimated revenues reflected modest increases in estimates for property taxes and intergovernmental revenues. Final appropriations reflected a significant increase in budgeted transfers out. There were significant differences between budgeted and actual expenditures, as spending was less than budgeted in all categories, most notably vocational instruction expense and operation and maintenance of plant.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$5,246,962 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles, net of accumulated depreciation. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2021, the School District had \$430,201 outstanding in 2013 Energy Conservation and School Improvement general obligation bonds, including bond premium, with \$50,000 due within one year. See Note 15 for more information regarding the School District's debt and other long-term obligations, including compensated absences, and net pension/OPEB liability.

Economic Factors

Belmont-Harrison Vocational School District continues to rely heavily on State foundation. Despite the reliance on State foundation, the various changes in funding models in recent years and Student ADM for the School District increasing over the past few fiscal years, the School District has seen little to no increase in its allocation of State funding. Fortunately, the School District has seen no reduction thus far to our State foundation due to COVID-19.

Real estate tax collections are a function of several variables including valuation, effective millage, delinquencies, and collection rate. Valuations are reassessed every six years and updated every three years by the County Auditor. Belmont County conducted a reappraisal for calendar year 2018 and Harrison County for calendar year 2017. These reappraisals have resulted in increased valuation, thus increasing the tax revenues for the School District. However, it is expected that collections of real estate tax revenue related to oil and gas extraction will decrease in fiscal year 2022, due to a slowdown of production during the COVID-19 pandemic. The Belmont-Harrison Vocational School District's voted millage remains at 1.45 mills.

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

Additionally, with the growth of the Oil and Gas Industry in the area, opportunities are created for area students and the School District. The School District continues to meet with local industry leaders to discuss their work force needs, currently and into the future. This information is used to improve vocational programs and create new programs to allow students to remain in the area and be successful after graduation, as well as provide qualified individuals to fill the work force needs of employers. During fiscal year 2019, the School District added a Job Placement and Outreach Coordinator position to collaborate with industries and students to provide additional opportunities for students while enrolled with the School District and after graduation.

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 any questions about this report or need additional financial information contact Mark Lucas, Treasurer/CFO at Belmont-Harrison Vocational School District, 68090 Hammond Road, St. Clairsville, Ohio 43950.

**Basic Financial
Statements**

Belmont-Harrison Vocational School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,999,766
Intergovernmental Receivable	43,409
Prepaid Items	50,735
Materials and Supplies Inventory	834
Property Taxes Receivable	4,051,619
Revenue in Lieu of Taxes Receivable	22,640
Net OPEB Asset	505,502
Non-Depreciable Capital Assets	1,090,229
Depreciable Capital Assets, Net	4,156,733
<i>Total Assets</i>	<i>16,921,467</i>
Deferred Outflows of Resources	
Pension	1,616,393
OPEB	254,346
<i>Total Deferred Outflows of Resources</i>	<i>1,870,739</i>
Liabilities	
Accounts Payable	7,222
Accrued Wages and Benefits Payable	610,799
Intergovernmental Payable	87,055
Accrued Interest Payable	519
Long-Term Liabilities:	
Due Within One Year	111,624
Due In More Than One Year:	
Net Pension Liability	8,448,533
Net OPEB Liability	481,678
Other Amounts	814,282
<i>Total Liabilities</i>	<i>10,561,712</i>
Deferred Inflows of Resources	
Property Taxes	3,734,530
Payments in Lieu of Taxes	22,640
Pension	229,149
OPEB	870,355
<i>Total Deferred Inflows of Resources</i>	<i>4,856,674</i>
Net Position	
Net Investment in Capital Assets	4,831,962
Restricted For:	
Capital Projects	11,000
State Programs	129,798
Federal Programs	15,414
Food Service Operations	8,572
Student Activity Programs	124,027
Unrestricted (Deficit)	(1,746,953)
<i>Total Net Position</i>	<i>\$3,373,820</i>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District

Statement of Activities

For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$316,205	\$0	\$6,625	(\$309,580)
Vocational	4,535,894	221,387	716,536	(3,597,971)
Student Intervention Services	76,126	0	0	(76,126)
Support Services:				
Pupil	689,506	0	267,696	(421,810)
Instructional Staff	147,842	0	42,824	(105,018)
Board of Education	27,040	0	0	(27,040)
Administration	995,060	0	8,869	(986,191)
Fiscal	421,819	0	0	(421,819)
Operation and Maintenance of Plant	912,819	0	10,053	(902,766)
Pupil Transportation	8,940	0	0	(8,940)
Central	225,436	0	0	(225,436)
Food Service Operations	264,834	24,922	227,042	(12,870)
Extracurricular Activities	25,788	9,352	0	(16,436)
Interest and Fiscal Charges	7,955	0	0	(7,955)
Total Governmental Activities	\$8,655,264	\$255,661	\$1,279,645	(7,119,958)
 General Revenues				
Property Taxes Levied for General Purposes				3,286,613
Revenue in Lieu of Taxes for General Purposes				14,290
Grants and Entitlements not Restricted to Specific Programs				4,207,162
Contributions and Donations				508
Interest				8,834
Miscellaneous				67,820
<i>Total General Revenues</i>				<i>7,585,227</i>
Change in Net Position				465,269
<i>Net Position Beginning of Year</i>				<i>2,908,551</i>
<i>Net Position End of Year</i>				<i>\$3,373,820</i>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District

*Balance Sheet
Governmental Activities
June 30, 2021*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,498,207	\$1,490,559	\$6,988,766
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	11,000	0	11,000
Receivables:			
Property Taxes	4,051,619	0	4,051,619
Intergovernmental	0	43,409	43,409
Revenue in Lieu of Taxes	22,640	0	22,640
Interfund	3,472	0	3,472
Prepaid Items	48,713	2,022	50,735
Materials and Supplies Inventory	0	834	834
<i>Total Assets</i>	<u>\$9,635,651</u>	<u>\$1,536,824</u>	<u>\$11,172,475</u>
Liabilities			
Accounts Payable	\$7,222	\$0	\$7,222
Accrued Wages and Benefits Payable	577,013	33,786	610,799
Interfund Payable	0	3,472	3,472
Intergovernmental Payable	80,300	6,755	87,055
<i>Total Liabilities</i>	<u>664,535</u>	<u>44,013</u>	<u>708,548</u>
Deferred Inflows of Resources			
Property Taxes	3,734,530	0	3,734,530
Payments in Lieu of Taxes	22,640	0	22,640
Unavailable Revenue	142,402	12,095	154,497
<i>Total Deferred Inflows of Resources</i>	<u>3,899,572</u>	<u>12,095</u>	<u>3,911,667</u>
Fund Balances			
Nonspendable:			
Materials and Supplies Inventory	0	834	834
Prepaid Items	48,713	2,022	50,735
Restricted for:			
State Programs	0	129,798	129,798
Federal Programs	0	3,319	3,319
Food Service Operations	0	5,716	5,716
Student Activity Programs	0	124,027	124,027
Underground Storage Tank Premiums	11,000	0	11,000
Committed to Capital Projects	0	1,215,000	1,215,000
Assigned to:			
Purchases on Order	95,232	0	95,232
Future Appropriations	686,000	0	686,000
Unassigned (Deficit)	4,230,599	0	4,230,599
<i>Total Fund Balances</i>	<u>5,071,544</u>	<u>1,480,716</u>	<u>6,552,260</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$9,635,651</u>	<u>\$1,536,824</u>	<u>\$11,172,475</u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District

Reconciliation of Total Fund Balances to

Net Position of Governmental Activities

June 30, 2021

Total Governmental Fund Balances \$6,552,260

*Amounts reported for governmental activities on the Statement of
Net Position are different because:*

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 5,246,962

Other long-term assets are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds:

Delinquent Property Taxes	142,402	
Intergovernmental Revenues	12,095	
Total	<u>154,497</u>	154,497

On the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (519)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Bonds	(415,000)	
Bond Premium	(15,201)	
Compensated Absences	(495,705)	
Total	<u>(925,906)</u>	(925,906)

The net OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period; therefore, the asset, the liability, and the related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	505,502	
Deferred Outflows - Pension	1,616,393	
Deferred Outflows - OPEB	254,346	
Net Pension Liability	(8,448,533)	
Net OPEB Liability	(481,678)	
Deferred Inflows - Pension	(229,149)	
Deferred Inflows - OPEB	(870,355)	
Total	<u>(7,653,474)</u>	(7,653,474)

Net Position of Governmental Activities \$3,373,820

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Activities
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$3,284,793	\$0	\$3,284,793
Intergovernmental	4,750,949	728,474	5,479,423
Interest	8,834	0	8,834
Tuition and Fees	214,433	0	214,433
Rent	6,000	0	6,000
Extracurricular Activities	448	8,904	9,352
Revenue in Lieu of Taxes	14,290	0	14,290
Contributions and Donations	508	0	508
Charges for Services	954	23,278	24,232
Miscellaneous	67,820	1,644	69,464
<i>Total Revenues</i>	<u>8,349,029</u>	<u>762,300</u>	<u>9,111,329</u>
Expenditures			
Current:			
Instruction:			
Regular	272,655	6,275	278,930
Vocational	3,984,877	88,783	4,073,660
Student Intervention Services	0	69,280	69,280
Support Services:			
Pupil	439,749	206,058	645,807
Instructional Staff	104,843	35,987	140,830
Board of Education	27,040	0	27,040
Administration	908,488	8,400	916,888
Fiscal	393,319	0	393,319
Operation and Maintenance of Plant	799,054	27,653	826,707
Central	221,551	0	221,551
Food Service Operations	0	254,772	254,772
Extracurricular Activities	19,824	5,964	25,788
Capital Outlay	136,675	362,656	499,331
Debt Service			
Principal Retirement	0	50,000	50,000
Interest and Fiscal Charges	0	10,000	10,000
<i>Total Expenditures</i>	<u>7,308,075</u>	<u>1,125,828</u>	<u>8,433,903</u>
Excess of Revenues Over (Under) Expenditures	<u>1,040,954</u>	<u>(363,528)</u>	<u>677,426</u>
Other Financing Sources (Uses)			
Transfers In	0	1,060,000	1,060,000
Transfers Out	(1,060,000)	0	(1,060,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,060,000)</u>	<u>1,060,000</u>	<u>0</u>
Net Change in Fund Balances	(19,046)	696,472	677,426
<i>Fund Balances Beginning of Year</i>	<u>5,090,590</u>	<u>784,244</u>	<u>5,874,834</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,071,544</u></u>	<u><u>\$1,480,716</u></u>	<u><u>\$6,552,260</u></u>

See accompanying notes to the basic financial statements

Reconciliation of the Changes in Fund Balances
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		\$677,426
<i>Amounts reported for governmental activities on the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on 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 Asset Additions	529,744	
Current Year Depreciation	<u>(292,468)</u>	
Total		237,276
Capital Assets removed from the capital asset account on the Statement of Net Position results in a gain or loss on disposal of capital assets on the Statement of Activities.		
		(14,279)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Delinquent Property Taxes	1,820	
Intergovernmental Revenues	<u>7,384</u>	
Total		9,204
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position.		
General Obligation Bonds		50,000
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.		
		62
Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the Statement of Activities.		
		1,983
Some expenses reported on the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in the funds:		
Compensated Absences Payable		5,557
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:		
Pension	597,794	
OPEB	<u>13,939</u>	
Total		611,733
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB (asset)/liability are reported as pension/OPEB expense on the Statement of Activities:		
Pension	(1,132,655)	
OPEB	<u>18,962</u>	
Total		<u>(1,113,693)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$465,269</u></u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational 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	\$3,375,000	\$3,541,500	\$3,536,040	(\$5,460)
Intergovernmental	4,659,100	4,759,100	4,750,949	(8,151)
Interest	60,110	10,060	8,834	(1,226)
Tuition and Fees	170,100	216,600	214,433	(2,167)
Rent	6,000	6,000	6,000	0
Extracurricular Activities	1,100	1,000	448	(552)
Revenue in Lieu of Taxes	10,000	15,000	14,290	(710)
Contributions and Donations	900	1,000	508	(492)
Charges for Services	5,000	5,000	954	(4,046)
Miscellaneous	5,800	70,800	67,821	(2,979)
<i>Total Revenues</i>	<u>8,293,110</u>	<u>8,626,060</u>	<u>8,600,277</u>	<u>(25,783)</u>
Expenditures				
Current:				
Instruction:				
Regular	276,300	279,585	275,846	3,739
Vocational	4,380,955	4,471,185	4,061,344	409,841
Support Services:				
Pupil	477,750	493,840	438,445	55,395
Instructional Staff	110,150	117,300	104,389	12,911
Board of Education	44,250	44,250	26,244	18,006
Administration	932,350	992,023	943,935	48,088
Fiscal	401,050	411,895	393,477	18,418
Operation and Maintenance of Plant	2,039,840	1,683,731	836,773	846,958
Central	219,700	244,540	224,001	20,539
Extracurricular Activities	30,250	33,030	21,644	11,386
Capital Outlay	0	141,216	136,675	4,541
<i>Total Expenditures</i>	<u>8,912,595</u>	<u>8,912,595</u>	<u>7,462,773</u>	<u>1,449,822</u>
Excess of Revenues Over (Under) Expenditures	(619,485)	(286,535)	1,137,504	1,424,039
Other Financing Uses				
Transfers Out	(100,000)	(1,100,000)	(1,060,000)	40,000
Net Change in Fund Balances	(719,485)	(1,386,535)	77,504	1,464,039
Prior Year Encumbrances Appropriated	194,095	194,095	194,095	0
<i>Fund Balances Beginning of Year</i>	<u>5,144,540</u>	<u>5,144,540</u>	<u>5,144,540</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$4,619,150</u>	<u>\$3,952,100</u>	<u>\$5,416,139</u>	<u>\$1,464,039</u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	<u>Private Purpose Trust Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$89,121</u>
Net Position	
Held in Trust for Scholarship	<u><u>\$89,121</u></u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	<u>Private Purpose Trust Fund</u>
Additions	
Gifts and Contributions	\$20,250
Interest	117
	<hr/>
<i>Total Additions</i>	<i>20,367</i>
	<hr/>
Deductions	
Payments in Accordance with Trust Agreements	12,850
	<hr/>
Change in Net Position	7,517
<i>Net Position Beginning of Year</i>	<i>81,604</i>
	<hr/>
<i>Net Position End of Year</i>	<i>\$89,121</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 - DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

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 eleven members, one or two representatives from the eight participating school districts' elected boards, which possesses its own budgeting and taxing authority. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1967 and was opened for instruction in 1971. It is staffed by 21 classified employees and 58 certificated employees to provide services to Belmont, Harrison, Jefferson, and Carroll County freshman, sophomores, juniors, and seniors. Additionally, the School District provides satellite programs which are located at the Barnesville Exempted Village School District, the Shadyside Local School District, and the St. Clairsville-Richland City School District. These satellite programs serve seventh grade through senior students. For fiscal year 2021, the average daily membership was 402.

Reporting Entity:

Since the School District does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity," and Governmental Accounting Standards Board Statement 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34."

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Belmont-Harrison Vocational 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 for which 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 burden on the primary government. The School District has no component units.

The School District is involved with five organizations; two jointly governed organizations, three insurance purchasing pools. These organizations include 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), and the Portage Area School Consortium (Consortium). These organizations are presented in Notes 16 and 17.

Belmont-Harrison Vocational 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 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 most significant of the School District's accounting policies are described as follows.

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 School District, except for fiduciary funds. 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 fiscal 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. Fiduciary funds are reported by type.

Fund Accounting

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

Belmont-Harrison Vocational 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 liabilities is reported as fund balance. The following is the School District's only major governmental fund:

General Fund - The General Fund accounts for and reports 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 or transferred according to the general laws of Ohio.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into 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 which accounts for a college scholarship program for students. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no custodial funds.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities 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.

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 and current liabilities 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 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 Fiduciary Net Position. In the 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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, 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, revenue in lieu of 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, revenue in lieu of taxes, and donations are 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, grants, charges for services, and revenue in lieu of taxes.

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. The deferred outflows of resources related to pension and OPEB 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, payments in lieu of 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 the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental revenues. 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 Balance to Net Position of Governmental Activities found on page 17. Net Deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. See Notes 11 and 12 for more information.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 governmental funds.

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.

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.”

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

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 \$8,834, which includes \$1,004 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 to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds include restricted cash for insurance premiums related to the underground storage tank and retainage payable.

Belmont-Harrison Vocational School District

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

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 and donated and purchased food held for resale.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in proprietary funds. 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 infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure 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. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All 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>Governmental Activities Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	21 - 50 years
Furniture and Equipment	5 - 25 years
Vehicles	8 - 15 years

Interfund Balances

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

Belmont-Harrison Vocational 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. The liability for vacation benefits is recorded as long-term liabilities, as the balances for most employees can be carried for up to at least three years plus the current year accrual.

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

On the government fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees who have accumulated leave are paid.

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term notes are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that the 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

On the government-wide financial statements, bond premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are presented as an addition of the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds are issued.

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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Internal Activity

Transfers within government activities on the government-wide financial 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 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 are 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.

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. The amount assigned in the General Fund represents encumbered amounts for outstanding obligations. State Statute authorizes the Board of Education to assign fund balances for purchases on order provided such amounts have been lawfully appropriated.

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 represents the difference between all other elements in a statement of financial position. 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 is reported as restricted when there are limitations imposed on its use either through the 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 local resources to be used for insurance premiums related to Underground Storage Tanks.

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

Extraordinary and Special Items

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

Estimates

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

Budgetary Process

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 sets 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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 - CHANGE 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 Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Belmont-Harrison Vocational School District

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

	<u>General</u>
GAAP Basis	(\$19,046)
Revenue Accruals	251,248
Expenditure Accruals	(58,158)
Encumbrances	<u>(96,540)</u>
Budget Basis	<u><u>\$77,504</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

Belmont-Harrison Vocational School District

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

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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.

Deposits

Custodial credit risk for deposits is the risk that in the event of 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, \$275,497 of the School District's total bank balance of \$990,536 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

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's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was \$6,268,342 and the investment has an average maturity of 54.4 days.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District 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. 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, Harrison, Carroll, and Jefferson Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties 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 reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$174,687 in the General Fund. The amount available as an advance at June 30, 2020, was \$425,934 in the General 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:

Belmont-Harrison Vocational School District

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,554,770,020	82.12%	\$1,549,916,340	75.72%
Public Utility Personal	338,448,790	17.88%	497,023,690	24.28%
Total Assessed Value	<u>\$1,893,218,810</u>	<u>100.00%</u>	<u>\$2,046,940,030</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$1.45		\$1.45

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, revenue in lieu of taxes, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$142,402 may not be collected within in one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	Amount
Governors Emergency Education Relief Funding	\$3,472
Title-II Perkins Grant	21,488
Rural Education Achievement Program Grant	18,449
Total Intergovernmental Receivable	<u>\$43,409</u>

Payment in Lieu of Taxes

Up Town

The School District entered into a thirty year Tax Increment Financing Agreement (TIF) in 2013. The purpose of the TIF was for the public infrastructure improvements in the Up Town section of the Village of Cadiz. The School District began receiving payments in fiscal year 2015. During fiscal year 2021, a payment in the amount of \$10,089 was received. As of June 30, 2021, a receivable for \$10,089 has been recorded which represents the payment anticipated for fiscal year 2022.

Business Development

On December 21, 2015, the Board of Education adopted a resolution authorizing a tax increment financing arrangement (TIF), pursuant to Ohio Revised Code Sections 5709.77 through 5709.80 with Belmont County and the St. Clairsville Richland City School District. The School District began receiving payments in fiscal year 2019. During fiscal year 2021, a payment in the amount of \$4,201 was received. As of June 30, 2021, a receivable for \$3,229 has been recorded which represents the payment anticipated for fiscal year 2022.

Belmont-Harrison Vocational School District

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

St. Clair Commons

On June 20, 2016, the Board of Education adopted a resolution authorizing a tax increment financing arrangement (TIF), and revenue sharing agreement, pursuant to Ohio Revised Code Sections 5709.40 and 5709.82 respectively, with the City of St. Clairsville. As of June 30, 2021, a receivable for \$9,322 has been recorded which represents the anticipated initial payment.

NOTE 8 - INTERNAL BALANCES

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

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	General
Other Nonmajor Governmental	<u>\$3,472</u>

The loan made to the Nonmajor Governmental Funds was used to cover actual cash deficit in the Governors Emergency Education Relief Fund to support the programs until grant monies are received.

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

<u>Transfer to</u>	<u>Transfer from</u>
	General
Other Nonmajor Governmental	<u>\$1,060,000</u>

The transfers were used to move receipts from the General Fund to the Debt Service Fund for scheduled debt service payments and to the Capital Projects Fund for the purpose of acquiring, constructing, or improving the capital assets of the School District.

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Belmont-Harrison Vocational School District

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

NOTE 9 - CAPITAL ASSETS

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

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Nondepreciable Capital Assets:				
Land	\$1,090,229	\$0	\$0	\$1,090,229
Construction in Progress	700,410	0	(700,410)	0
Total Nondepreciable Capital Assets	<u>1,790,639</u>	<u>0</u>	<u>(700,410)</u>	<u>1,090,229</u>
Depreciable Capital Assets:				
Land Improvements	808,104	136,675	(6,009)	938,770
Buildings and Improvements	6,465,138	1,074,246	0	7,539,384
Furniture and Equipment	1,804,090	19,233	(110,130)	1,713,193
Vehicles	362,956	0	0	362,956
Total Depreciable Capital Assets	<u>9,440,288</u>	<u>1,230,154</u>	<u>(116,139)</u>	<u>10,554,303</u>
Accumulated Depreciation:				
Land Improvements	(125,592)	(40,075)	6,009	(159,658)
Buildings and Improvements	(4,534,929)	(146,380)	0	(4,681,309)
Furniture and Equipment	(1,367,608)	(84,393)	95,851	(1,356,150)
Vehicles	(178,833)	(21,620)	0	(200,453)
Total Accumulated Depreciation	<u>(6,206,962)</u>	<u>(292,468)</u>	<u>101,860</u>	<u>(6,397,570)</u>
Total Depreciable Capital Assets, Net	<u>3,233,326</u>	<u>937,686</u>	<u>(14,279)</u>	<u>4,156,733</u>
Governmental Capital Assets, Net	<u>\$5,023,965</u>	<u>\$937,686</u>	<u>(\$714,689)</u>	<u>\$5,246,962</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	\$197,052
Support Services:	
Administration	1,759
Maintenance	77,876
Transportation	8,940
Central	3,885
Food Service Operations	<u>2,956</u>
Total	<u>\$292,468</u>

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 - RISK MANAGEMENT

Property 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 17). The Belmont-Harrison Vocational School District contracted with the Ohio School Plan for liability, property, and fleet insurance.

<i>Property:</i>	
Building and Contents - replacement cost (\$1,000 Deductible)	\$35,001,680
Flood Coverage (\$25,000 Deductible)	5,000,000
<i>Commercial Auto Coverage:</i>	
Auto Liability (Deductible: \$1,000 for Buses, \$500 for All Other)	3,000,000
Uninsured Motorists	1,000,000
<i>Educational General Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
Personal and Advertising Injury Limit - Each Occurrence	3,000,000
<i>Sexual Misconduct Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
<i>Employers' Liability:</i>	
Each Occurrence	3,000,000
<i>Employee Benefits Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
<i>School Leaders Errors and Omissions Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
<i>Crime Coverage:</i>	
Employee Theft, Forgery or Alteration (\$1,000 Deductible)	100,000

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.

Worker's 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 17). 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. Sedgwick provides administrative, cost control, and actuarial services to the GRP.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Employee Benefits

Medical/surgical, prescription drug, life and dental insurance is offered to all employees through the Portage Area Schools Consortium (Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that thirteen educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Consortium currently has 25 members. The Consortium has organized into two distinct entities to facilitate its risk management operations. The Portage Area Schools Consortium Property and Casualty Insurance Pool functions to manage the School District's physical property and liability risk. The Portage Area Schools Consortium Health and Welfare Trust is organized under provisions of Section 501 (c) (9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits, coverage such as health and accident insurance, disability insurance and life insurance. The School District participates in the Portage Area Schools Consortium Health and Welfare Trust. A third-party administrator is retained by the consortium to facilitate the operation of the Portage Area Schools Consortium Health and Welfare Trust. The School District pays all insurance premiums directly to the Consortium; one of its administrators serves as a trustee of the consortium's governing board as provided in the Consortium's enabling authority. The School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted.

Medical/surgical and prescription drug insurance are offered to employees through the Portage Area School Consortium. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan. The monthly premiums for this coverage is \$856.04 for individual coverage and \$2,437.72 for family coverage of which the Board pays 85 percent of the premium. The premium is paid from the fund that pays the salary of the covered employee. Prescription drug coverage is included with the medical/surgical premium. Dental insurance coverage is provided with a monthly premium of \$47.77 for individual coverage and \$111.60 for family coverage, of which the Board pays 90 percent of the premium.

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.

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.

Belmont-Harrison Vocational School District

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

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.

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 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 \$115,615 for fiscal year 2021, of which the full amount has been contributed.

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.

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.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 \$482,179 for fiscal year 2021. Of this amount \$73,115 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:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02251220%	0.02876261%	
Prior Measurement Date	<u>0.02059970%</u>	<u>0.02937467%</u>	
Change in Proportionate Share	<u>0.00191250%</u>	<u>-0.00061206%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$1,489,005	\$6,959,528	\$8,448,533
Pension Expense	\$218,297	\$914,358	\$1,132,655

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,893	\$15,616	\$18,509
Changes of assumptions	0	373,592	373,592
Net difference between projected and actual earnings on pension plan investments	94,522	338,443	432,965
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	69,264	124,269	193,533
School District contributions subsequent to the measurement date	<u>115,615</u>	<u>482,179</u>	<u>597,794</u>
Total Deferred Outflows of Resources	<u>\$282,294</u>	<u>\$1,334,099</u>	<u>\$1,616,393</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$44,501	\$44,501
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>10,106</u>	<u>174,542</u>	<u>184,648</u>
Total Deferred Inflows of Resources	<u>\$10,106</u>	<u>\$219,043</u>	<u>\$229,149</u>

\$597,794 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$33,356	\$234,017	\$267,373
2023	54,224	74,970	129,194
2024	39,399	188,891	228,290
2025	<u>29,594</u>	<u>125,999</u>	<u>155,593</u>
Total	<u>\$156,573</u>	<u>\$623,877</u>	<u>\$780,450</u>

Actuarial Assumptions - SERS

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

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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.

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.

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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.

	Current Discount		
	1% Decrease (6.50%)	Rate (7.50%)	1% Decrease (8.50%)
School District's proportionate share of the net pension liability	\$2,039,754	\$1,489,005	\$1,026,915

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

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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:

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

* 10 year 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 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	\$9,909,157	\$6,959,528	\$4,459,964

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2021, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - DEFINED BENEFIT OPEB PLAN

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.

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 \$13,939.

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 \$13,939 for fiscal year 2021, of which, the full amount is reported as an intergovernmental payable.

Belmont-Harrison Vocational School District

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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, 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:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02216310%	0.02876261%	
Prior Measurement Date	<u>0.02089440%</u>	<u>0.02937467%</u>	
Change in Proportionate Share	<u>0.00126870%</u>	<u>-0.00061206%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$481,678	\$0	\$481,678
Net OPEB (Asset)	\$0	(\$505,502)	(\$505,502)
OPEB Expense	\$8,831	(\$27,793)	(\$18,962)

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

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$6,327	\$32,390	\$38,717
Changes of assumptions	82,109	8,344	90,453
Net difference between projected and actual earnings on OPEB plan investments	5,428	17,716	23,144
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	65,243	22,850	88,093
School District contributions subsequent to the measurement date	<u>13,939</u>	<u>0</u>	<u>13,939</u>
Total Deferred Outflows of Resources	<u><u>\$173,046</u></u>	<u><u>\$81,300</u></u>	<u><u>\$254,346</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$244,966	\$100,688	\$345,654
Changes of assumptions	12,133	480,142	492,275
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>12,384</u>	<u>20,042</u>	<u>32,426</u>
Total Deferred Inflows of Resources	<u><u>\$269,483</u></u>	<u><u>\$600,872</u></u>	<u><u>\$870,355</u></u>

\$13,939 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$19,188)	(\$128,272)	(\$147,460)
2023	(18,795)	(116,280)	(135,075)
2024	(18,858)	(112,071)	(130,929)
2025	(25,448)	(115,897)	(141,345)
2026	(21,556)	(22,486)	(44,042)
Thereafter	<u>(6,531)</u>	<u>(24,566)</u>	<u>(31,097)</u>
Total	<u><u>(\$110,376)</u></u>	<u><u>(\$519,572)</u></u>	<u><u>(\$629,948)</u></u>

Actuarial Assumptions - SERS

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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.

Belmont-Harrison Vocational School District

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

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.

	1% Decrease <u>(1.63%)</u>	Current Discount Rate <u>(2.63%)</u>	1% Increase <u>(3.63%)</u>
School District's proportionate share of the net OPEB liability	\$589,560	\$481,678	\$395,909

	1% Decrease <u>(6.00 % decreasing to 3.75%)</u>	Current Trend Rate <u>(7.00 % decreasing to 4.75%)</u>	1% Increase <u>(8.00 % decreasing to 5.75%)</u>
School District's proportionate share of the net OPEB liability	\$379,284	\$481,678	\$618,602

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 as follows:

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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.

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.

Belmont-Harrison Vocational School District

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

	<u>1% Decrease</u> <u>(6.45%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.45%)</u>	<u>1% Increase</u> <u>(8.45%)</u>
School District's proportionate share of the net OPEB asset	(\$439,820)	(\$505,502)	(\$561,232)

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$557,772)	(\$505,502)	(\$441,830)

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 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Full-time teachers, administrators, and classified employees earn sick leave at the rate of one and one-half days per month. Sick leave may be accumulated up to a maximum of 300 days for all personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit.

Insurance Benefits

The School District provides life insurance through Guardian Life, in the amount of \$50,000 for all full-time employees. The School District pays 100 percent of the premiums of \$4.50 per month for all employees. The School District provides vision insurance through Vision Service Plan. The School District provides vision insurance is \$18.37 for single and \$41.58 for family, per month, of which the Board pays 90 percent of the premium.

NOTE 14 - 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 fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$96,540
Other Non-major Governmental Funds	<u>18,453</u>
Total	<u><u>\$114,993</u></u>

Belmont-Harrison Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 15 - LONG - TERM OBLIGATIONS

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

	Outstanding 6/30/20	Additions	Reductions	Outstanding 6/30/21	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
<i>2013 Energy Conservation and School Improvement Bonds</i>					
Term Bonds \$680,000 @ 1.0% - 2.5%	\$465,000	\$0	\$50,000	\$415,000	\$50,000
Premium \$31,726	17,184	0	1,983	15,201	0
Total General Obligation Bonds	482,184	0	51,983	430,201	50,000
Compensated Absences	501,262	101,476	107,033	495,705	61,624
Other Long-Term Obligations:					
Net Pension Liability					
SERS	1,232,516	256,489	0	1,489,005	0
STRS	6,496,032	463,496	0	6,959,528	0
Total Net Pension Liability	7,728,548	719,985	0	8,448,533	0
SERS Net OPEB Liability	525,450	0	43,772	481,678	0
Total Governmental Activities	\$9,237,444	\$821,461	\$202,788	\$9,856,117	\$111,624

2013 Energy Conservation and School Improvement Bonds

On February 12, 2013, Belmont-Harrison Vocational School District issued \$682,575 of general obligation bonds, which included capital appreciation bonds in the amount of \$2,575, in accordance with House Bill 264. The bonds were issued to finance an energy conservation project. The term bonds were issued at a 1.0 percent to 2.5 percent interest rate, for a period of fifteen years with a final maturity of December 1, 2028. The bonds were issued at a premium of \$31,726, which is being reported as an increase to bonds payable. This amount is being amortized over the life of the bonds using the straight-line method.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program. On December 13, 2012, Moody's Investor Service reviewed and assigned a rating of Aa2 to the Energy Conservation and School Improvement Bonds. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the Department of Education will make the sufficient payment.

The Term Bonds maturing on December 1, 2016, were subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

Redemption Date (December 1)	Principal Amount to be Redeemed
2014	\$35,000
2015	45,000

The remaining principal amount of such Term Bonds (\$45,000) matured at stated maturity on December 1, 2016.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

The Term Bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2018	\$45,000
2019	45,000

The remaining principal amount of such Term Bonds (\$50,000) will mature at stated maturity on December 1, 2020.

The Term Bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2021	\$50,000
2022	50,000

The remaining principal amount of such Term Bonds (\$50,000) will mature at stated maturity on December 1, 2023.

The Term Bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2024	\$50,000
2025	50,000
2026	55,000
2027	55,000

The remaining principal amount of such Term Bonds (\$55,000) will mature at stated maturity on December 1, 2028.

The final capital appreciation bonds for this issue matured on December 1, 2017. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest was paid and the bond holder received the face value of the bond. There are no outstanding capital appreciation bonds remaining at June 30, 2021.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

The principal and interest requirements to retire the remaining general obligation bonds for the Energy Conservation and School Improvement Bonds are as follows:

Fiscal Year Ending June 30	Term Bonds		
	Principal	Interest	Total
2022	\$50,000	\$9,625	\$59,625
2023	50,000	8,625	58,625
2024	50,000	7,625	57,625
2025	50,000	6,625	56,625
2026	50,000	5,375	55,375
2027-2029	165,000	8,250	173,250
Total	<u>\$415,000</u>	<u>\$46,125</u>	<u>\$461,125</u>

The School District's overall legal debt margin was \$181,919,603, with an unvoted debt margin of \$2,025,940, at June 30, 2021.

Compensated Absences

The School District pays compensated absences from the General Fund.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the General Fund and the Miscellaneous Federal Grant and Food Service Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 11 and 12.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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 the Council from the School District was \$ 28,468 for technology services, financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Coalition of Rural and Appalachian Schools (CORAS)

The Coalition of Rural and Appalachian Schools 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 17 - PUBLIC ENTITY 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 Ohio School Boards Association. The Executive Director of the Ohio School Boards Association, 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 \$630 for policy year 2021 was paid to Sedgwick.

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.

The Portage Area School Consortium (Consortium)

The School District participates in the Portage Area School Consortium (Consortium) a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts. The Consortium is a stand-alone entity, composed of two stand-alone Pools: the Portage Area Schools Consortium Property and Casualty Pool and the Portage Area Schools Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 18 - 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal 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	89,590
Current Year Qualifying Expenditures	<u>(232,116)</u>
Totals	<u>(\$142,526)</u>
Balance Carried Forward to Fiscal Year 2022	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2021	<u>\$0</u>

The School District had current year qualifying expenditures which reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future fiscal years. The School District also had current and prior fiscal year expenditures from debt proceeds that may be carried forward to future fiscal years.

NOTE 19 - 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.

State Foundation Funding

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

Litigation

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

Belmont-Harrison Vocational School District

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

NOTE 20 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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. 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 21 - 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, 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 \$15,579 in tuition and fees from the resident school district which will be direct funded to the School District in fiscal year 2022. This new funding system calculates a unique base cost for each School District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**Required
Supplementary
Information**

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Belmont-Harrison Vocational 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)**

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.02251220%	0.02059970%	0.02153740%
School District's Proportionate Share of the Net Pension Liability	\$1,489,005	\$1,232,516	\$1,233,487
School District's Covered Payroll	\$789,229	\$706,689	\$635,119
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	174.41%	194.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

(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 for each year.

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

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.01820220%	0.01937750%	0.01865310%	0.01964700%	0.01964700%
\$1,087,542	\$1,418,253	\$1,064,365	\$994,323	\$1,168,344
\$600,593	\$602,750	\$568,065	\$563,369	\$520,701
181.08%	235.30%	187.37%	176.50%	224.38%
69.50%	62.98%	69.16%	71.70%	65.52%

Belmont-Harrison Vocational 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>
School District's Proportion of the Net Pension Liability	0.02876261%	0.02937467%	0.02862997%
School District's Proportionate Share of the Net Pension Liability	\$6,959,528	\$6,496,032	\$6,295,088
School District's Covered Payroll	\$3,495,257	\$3,457,150	\$3,277,136
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.11%	187.90%	192.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

(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 for each year.

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

See accompanying notes to the required supplementary information.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02943764%	0.02859675%	0.02819944%	0.02799468%	0.02799468%
\$6,992,974	\$9,572,194	\$7,793,501	\$6,809,275	\$8,111,164
\$3,238,271	\$3,029,871	\$2,924,743	\$2,883,454	\$2,705,607
215.95%	315.93%	266.47%	236.15%	299.79%
75.30%	66.80%	72.10%	74.70%	69.30%

Belmont-Harrison Vocational 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	0.02216310%	0.02089440%	0.02142330%	0.01851980%	0.01963980%
School District's Proportionate Share of the Net OPEB Liability	\$481,678	\$525,450	\$594,341	\$497,023	\$559,807
School District's Covered Payroll	\$789,229	\$706,689	\$635,119	\$600,593	\$602,750
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	61.03%	74.35%	93.58%	82.76%	92.88%
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 for 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 the required supplementary information.

Belmont-Harrison Vocational 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	0.02876261%	0.02937467%	0.02862997%	0.02943764%	0.02859675%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$505,502)	(\$486,516)	(\$460,055)	\$1,148,548	\$1,529,362
School District's Covered Payroll	\$3,495,257	\$3,457,150	\$3,277,136	\$3,238,271	\$3,029,871
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.46%	-14.07%	-14.04%	35.47%	50.48%
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 for 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 the required supplementary information.

Belmont-Harrison Vocational 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	\$115,615	\$110,492	\$95,403	\$85,741
Contributions in Relation to the Contractually Required Contribution	<u>(115,615)</u>	<u>(110,492)</u>	<u>(95,403)</u>	<u>(85,741)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$825,821	\$789,229	\$706,689	\$635,119
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$13,939	\$8,573	\$14,943	\$12,856
Contributions in Relation to the Contractually Required Contribution	<u>(\$13,939)</u>	<u>(\$8,573)</u>	<u>(\$14,943)</u>	<u>(\$12,856)</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>1.69%</u>	<u>1.09%</u>	<u>2.11%</u>	<u>2.02%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.69%</u>	<u>15.09%</u>	<u>15.61%</u>	<u>15.52%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$84,083	\$84,385	\$74,871	\$78,083	\$72,065	\$72,762
<u>(84,083)</u>	<u>(84,385)</u>	<u>(74,871)</u>	<u>(78,083)</u>	<u>(72,065)</u>	<u>(72,762)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$600,593	\$602,750	\$568,065	\$563,369	\$520,701	\$540,982
<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>
\$10,319	\$9,950	\$14,619	\$10,827	\$10,338	\$11,361
<u>(\$10,319)</u>	<u>(\$9,950)</u>	<u>(\$14,619)</u>	<u>(\$10,827)</u>	<u>(\$10,338)</u>	<u>(\$11,361)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.72%</u>	<u>1.65%</u>	<u>2.57%</u>	<u>1.92%</u>	<u>1.99%</u>	<u>2.10%</u>
<u>15.72%</u>	<u>15.65%</u>	<u>15.75%</u>	<u>15.78%</u>	<u>15.83%</u>	<u>15.55%</u>

Belmont-Harrison Vocational School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$482,179	\$489,336	\$484,001	\$458,799
Contributions in Relation to the Contractually Required Contribution	(482,179)	(489,336)	(484,001)	(458,799)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,495,257	\$3,495,257	\$3,457,150	\$3,277,136
Pension Contributions as a Percentage of Covered Payroll	<u>13.80%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
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>13.80%</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 the required supplementary information.

2017	2016	2015	2014	2013	2012
\$453,358	\$424,182	\$409,464	\$374,849	\$351,729	\$384,824
(453,358)	(424,182)	(409,464)	(374,849)	(351,729)	(384,824)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,238,271	\$3,029,871	\$2,924,743	\$2,883,454	\$2,705,607	\$2,960,186
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$28,835	\$27,056	\$29,602
0	0	0	(28,835)	(27,056)	(29,602)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Belmont-Harrison Vocational 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.

Belmont-Harrison Vocational 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 for fiscal year 2018 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.

Belmont-Harrison Vocational 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.

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Belmont Harrison Vocational School District
Belmont County
68090 Hammond Road
St. Clairsville, Ohio 43950

To the Board of Education:

We have audited, in accordance with auditing standards general 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 Belmont Harrison Vocational School District, Belmont County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Belmont Harrison Vocational 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 of the financial statements, but not to the extent necessary to opine of the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Belmont Harrison Vocational 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 statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
November 29, 2021

BELMONT HARRISON VOCATIONAL SCHOOL DISTRICT
REGULAR AUDIT
FOR THE YEAR ENDED JUNE 30, 2020

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701

**BELMONT HARRISON VOCATIONAL SCHOOL DISTRICT
BELMONT COUNTY**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Belmont Harrison Vocational School District
Belmont County
68090 Hammond Road
St. Clairsville, Ohio 43950

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 Belmont Harrison Vocational School District, Belmont County, Ohio as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 Belmont Harrison Vocational School District, Belmont County, Ohio as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during the year ended June 30, 2020, the District implemented GASB Statement No. 84, "*Fiduciary Activities*" and related guidance from (GASB) Implementation Guide 2019-02, *Fiduciary Activities*.

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*, required budgetary comparison schedule 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 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 29, 2021, on our consideration of the Belmont Harrison Vocational 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 Belmont Harrison Vocational School District's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
November 29, 2021

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Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

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

Financial Highlights

Key financial highlights for the fiscal year 2020 are as follows:

- In total, net position increased \$955,272.
- General revenues accounted for \$7,973,510 in revenue or approximately 85 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$1,398,457 or approximately 15 percent of total revenues of \$9,371,967.
- Total assets of governmental activities increased \$1,381,939 primarily due to an increase in capital assets additions. Total liabilities of governmental activities increased \$227,220, primarily due to increases in contracts and retainage payable.
- The School District had \$8,416,695 in expenses related to governmental activities; only \$1,398,457 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$7,973,510 were adequate to provide for these programs.
- Total governmental funds had \$9,352,009 in revenues and \$9,420,228 in expenditures. Overall, the net change in total governmental fund balances, including other financing sources (uses) was a decrease of \$68,219.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Belmont-Harrison Vocational 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 conditions.

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.

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account 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 that net position. 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, all of the School District's activities are considered to be Governmental Activities including instruction, support services, food service operations, extracurricular activities, and debt service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's 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 multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General 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 fiscal yearend 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 governmental operations and the basic services it provides. Governmental fund information helps the reader 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 its scholarship program. This activity is presented as a private purpose trust fund. 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.

Belmont-Harrison Vocational School District*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2020**Unaudited***The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019. The amounts for 2019 have been restated for the implementation of GASB 84.

Table 1
Net Position
Governmental Activities

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Assets			
Current and Other Assets	\$10,280,579	\$10,246,357	\$34,222
Net OPEB Asset	486,516	460,055	26,461
Capital Assets	5,023,965	3,702,709	1,321,256
<i>Total Assets</i>	<u>15,791,060</u>	<u>14,409,121</u>	<u>1,381,939</u>
Deferred Outflows of Resources			
Pension	1,704,688	2,252,679	(547,991)
OPEB	193,380	175,726	17,654
<i>Total Deferred Outflows of Resources</i>	<u>1,898,068</u>	<u>2,428,405</u>	<u>(530,337)</u>
Liabilities			
Current and Other Liabilities	1,039,003	769,171	269,832
Long-Term Liabilities			
Due Within One Year	100,244	105,973	(5,729)
Due in More than One Year:			
Net Pension Liability	7,728,548	7,528,575	199,973
Net OPEB Liability	525,450	594,341	(68,891)
Other Amounts	883,202	1,051,167	(167,965)
<i>Total Liabilities</i>	<u>10,276,447</u>	<u>10,049,227</u>	<u>227,220</u>
Deferred Inflows of Resources			
Property Taxes	3,199,116	3,390,669	(191,553)
Payment in Lieu of Taxes	22,914	18,767	4,147
Pension	502,568	620,544	(117,976)
OPEB	779,532	805,040	(25,508)
<i>Total Deferred Inflows of Resources</i>	<u>4,504,130</u>	<u>4,835,020</u>	<u>(330,890)</u>
Net Position			
Net Investment in Capital Assets	4,294,329	3,176,999	1,117,330
Restricted	222,299	159,526	62,773
Unrestricted (Deficit)	(1,608,077)	(1,383,246)	(224,831)
<i>Total Net Position</i>	<u>\$2,908,551</u>	<u>\$1,953,279</u>	<u>\$955,272</u>

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The net pension liability (NPL) is the largest liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. 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 \$1,381,939. Current and other assets increased \$34,222 primarily due to increases in property taxes receivable resulting from increased assessed values. In addition, equity in pooled cash and cash equivalents increased due to conservative spending. The School District also reflects an OPEB asset in the amount of \$486,516. Capital assets increased \$1,321,256 due to costs associated with construction in progress for restroom renovations at both the Belmont and the Harrison County campuses, land improvements for fencing and paving, and the purchase of two transportation vans.

Total liabilities increased \$227,220. Current and other liabilities increased \$269,832 primarily due to increases in contracts and retainage payable for restroom renovations, as well as an increase in matured severance payable. Long-term liabilities decreased \$42,612, primarily due to decreases in annual debt service on the outstanding general obligation bonds as well as the net OPEB liability. These decreases were offset by an increase in the net pension liability.

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

Belmont-Harrison Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 2
Changes in Net Position
Governmental Activities

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for Services and Sales	\$368,335	\$275,875	\$92,460
Operating Grants and Contributions	1,030,122	968,508	61,614
<i>Total Program Revenues</i>	<u>1,398,457</u>	<u>1,244,383</u>	<u>154,074</u>
General Revenues:			
Property Taxes	3,608,145	3,311,435	296,710
Revenue in Lieu of Taxes	10,706	8,715	1,991
Grants and Entitlements not Restricted to Specific Programs	4,216,101	4,201,477	14,624
Investment Earnings	89,577	125,795	(36,218)
Others	48,981	20,556	28,425
<i>Total General Revenues</i>	<u>7,973,510</u>	<u>7,667,978</u>	<u>305,532</u>
<i>Total Revenues</i>	<u>9,371,967</u>	<u>8,912,361</u>	<u>459,606</u>
Program Expenses			
Instruction:			
Regular	255,736	217,055	38,681
Vocational	4,504,192	3,639,415	864,777
Student Intervention Services	64,203	57,157	7,046
Support Services:			
Pupil	668,009	401,512	266,497
Instructional Staff	121,493	153,071	(31,578)
Board of Education	26,514	45,257	(18,743)
Administration	971,251	668,821	302,430
Fiscal	385,193	415,748	(30,555)
Operation and Maintenance of Plant	836,458	682,219	154,239
Pupil Transportation	7,449	0	7,449
Central	270,623	212,075	58,548
Food Service Operations	247,927	273,482	(25,555)
Extracurricular	48,975	25,578	23,397
Interest and Fiscal Charges	8,672	9,349	(677)
<i>Total Expenses</i>	<u>8,416,695</u>	<u>6,800,739</u>	<u>1,615,956</u>
Change in Net Position	955,272	2,111,622	(1,156,350)
Restatement (Note 3)	0	112,255	(112,255)
<i>Net Position (Deficit) Beginning of Year</i>	<u>1,953,279</u>	<u>(270,598)</u>	<u>2,223,877</u>
<i>Net Position End of Year</i>	<u>\$2,908,551</u>	<u>\$1,953,279</u>	<u>\$955,272</u>

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

In fiscal year 2020, approximately 38 percent of the School District's revenues were from property taxes, and approximately 45 percent were from unrestricted grants and entitlements. Charges for services program revenue increased \$92,460 primarily due to increases in tuition and fees. Operating grants and contributions program revenue increased \$61,614 from the prior fiscal year primarily due to increases in program specific State funding and federal grant funding.

The School District receives revenue in lieu of taxes as part of Tax Increment Financing (TIF) agreements with the Village of Cadiz, Belmont County, and the City of St. Clairsville. See Note 7 for further details.

Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 93 percent is for vocational instruction, approximately 5 percent is for regular instruction, and the remaining is for student intervention services. Overall program expenses increased over the prior year in the amount of \$1,615,956, most noticeably in vocational instruction. The largest component of the increase in program expenses is primarily due to an increase in pension expense.

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

**Table 3
Governmental Activities**

	Total Cost of Service		Net Cost of Services	
	2020	2019	2020	2019
Program Expenses				
Instruction				
Regular	\$255,736	\$217,055	\$255,736	\$217,055
Vocational	4,504,192	3,639,415	3,625,087	2,882,635
Student Intervention Services	64,203	57,157	64,203	(17,231)
Support Services				
Pupil	668,009	401,512	464,416	294,502
Instructional Staff	121,493	153,071	68,317	114,665
Board of Education	26,514	45,257	26,514	45,257
Administration	971,251	668,821	963,292	659,850
Fiscal	385,193	415,748	385,193	415,748
Operation and Maintenance of Plant	836,458	682,219	836,458	682,219
Pupil Transportation	7,449	0	7,449	0
Central	270,623	212,075	270,623	212,075
Food Service Operations	247,927	273,482	32,703	16,893
Extracurricular Activities	48,975	25,578	9,575	23,339
Interest and Fiscal Charges	8,672	9,349	8,672	9,349
<i>Total Expenses</i>	<u>\$8,416,695</u>	<u>\$6,800,739</u>	<u>\$7,018,238</u>	<u>\$5,556,356</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 83 percent of expenses are supported through taxes and other general revenues.

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The School District Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had \$8,773,837 in revenues and \$7,607,375 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$410,750 due to increases in property tax revenue.

General Fund 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 2020 the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between final budget and actual revenues during the fiscal year. There were significant differences between budgeted and actual expenditures, as spending was less than budgeted in all categories, most notably vocational instruction expense and operation and maintenance of plant.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the School District had \$5,023,965 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, net of accumulated depreciation. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2020, the School District had \$482,184 outstanding in 2013 Energy Conservation and School Improvement general obligation bonds, including bond premium, with \$50,000 due within one year. See Note 15 for more information regarding the School District's debt and other long-term obligations, including compensated absences, long-term intergovernmental payable, and net pension/OPEB liability.

Economic Factors

Belmont-Harrison Vocational School District continues to rely heavily on State foundation. Despite the reliance on State foundation, the various changes in funding models in recent years and Student ADM for the School District increasing over the past few fiscal years, the School District has seen little to no increase in its allocation of State funding. Fortunately, the District has seen no reduction thus far to our State foundation due to COVID-19.

Real estate tax collections are a function of several variables including valuation, effective millage, delinquencies, and collection rate. Valuations are reassessed every six years and updated every three years by the County Auditor. Belmont County conducted a reappraisal for calendar year 2018 and Harrison County for calendar year 2017. These reappraisals have resulted in increased valuation, thus increasing the tax revenues for the School District. The Belmont-Harrison Vocational School District's voted millage remains at 1.45 mills.

Belmont-Harrison Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

Additionally, with the growth of the Oil and Gas Industry in the area, opportunities are created for area students and the School District. The School District continues to meet virtually with local industry leaders to discuss their work force needs, currently and into the future. This information is used to improve vocational programs and create new programs to allow students to remain in the area and be successful after graduation, as well as provide qualified individuals to fill the work force needs of employers. During fiscal year 2019, the School District added a Job Placement and Outreach Coordinator position to collaborate with industries and students to provide additional opportunities for students while enrolled with the School District and after graduation.

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 any questions about this report or need additional financial information contact Mark Lucas, Treasurer/CFO at Belmont-Harrison Vocational School District, 68090 Hammond Road, St. Clairsville, Ohio 43950.

**Basic Financial
Statements**

Belmont-Harrison Vocational School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,400,789
Intergovernmental Receivable	29,669
Prepaid Items	46,632
Materials and Supplies Inventory	14,943
Property Taxes Receivable	3,765,632
Revenue in Lieu of Taxes Receivable	22,914
Net OPEB Asset	486,516
Non-Depreciable Capital Assets	1,790,639
Depreciable Capital Assets, Net	3,233,326
<i>Total Assets</i>	15,791,060
Deferred Outflows of Resources	
Pension	1,704,688
OPEB	193,380
<i>Total Deferred Outflows of Resources</i>	1,898,068
Liabilities	
Matured Severance Payable	41,719
Contracts Payable	202,237
Accounts Payable	28,773
Accrued Wages and Benefits Payable	620,814
Intergovernmental Payable	82,480
Retainage Payable	62,399
Accrued Interest Payable	581
Long-Term Liabilities:	
Due Within One Year	100,244
Due In More Than One Year:	
Net Pension Liability	7,728,548
Net OPEB Liability	525,450
Other Amounts	883,202
<i>Total Liabilities</i>	10,276,447
Deferred Inflows of Resources	
Property Taxes	3,199,116
Payments in Lieu of Taxes	22,914
Pension	502,568
OPEB	779,532
<i>Total Deferred Inflows of Resources</i>	4,504,130
Net Position	
Net Investment in Capital Assets	4,294,329
Restricted For:	
State Programs	75,429
Federal Programs	3,403
Food Service Operations	11,380
Student Activity Programs	121,087
Other Purposes	11,000
Unrestricted (Deficit)	(1,608,077)
<i>Total Net Position</i>	\$2,908,551

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,325,129	\$1,002,261	\$6,327,390
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	11,000	62,399	73,399
Receivables:			
Property Taxes	3,765,632	0	3,765,632
Intergovernmental	0	29,669	29,669
Revenue in Lieu of Taxes	22,914	0	22,914
Interfund	2,507	0	2,507
Prepaid Items	44,746	1,886	46,632
Materials and Supplies Inventory	13,998	945	14,943
<i>Total Assets</i>	<u>\$9,185,926</u>	<u>\$1,097,160</u>	<u>\$10,283,086</u>
Liabilities			
Matured Severance Payable	\$41,719	\$0	\$41,719
Contracts Payable	0	202,237	202,237
Accounts Payable	27,624	1,149	28,773
Accrued Wages and Benefits Payable	586,121	34,693	620,814
Interfund Payable	0	2,507	2,507
Intergovernmental Payable	77,260	5,220	82,480
Retainage Payable	0	62,399	62,399
<i>Total Liabilities</i>	<u>732,724</u>	<u>308,205</u>	<u>1,040,929</u>
Deferred Inflows of Resources			
Property Taxes	3,199,116	0	3,199,116
Payments in Lieu of Taxes	22,914	0	22,914
Unavailable Revenue	140,582	4,711	145,293
<i>Total Deferred Inflows of Resources</i>	<u>3,362,612</u>	<u>4,711</u>	<u>3,367,323</u>
Fund Balances			
Nonspendable:			
Materials and Supplies Inventory	13,998	945	14,943
Prepaid Items	44,746	1,886	46,632
Restricted for:			
State Programs	0	75,429	75,429
Food Service Operations	0	8,549	8,549
Student Activity Programs	0	121,087	121,087
Underground Storage Tank Premiums	11,000	0	11,000
Committed to Capital Projects	0	577,656	577,656
Assigned to:			
Purchases on Order	166,471	0	166,471
Future Appropriations	525,000	0	525,000
Unassigned (Deficit)	4,329,375	(1,308)	4,328,067
<i>Total Fund Balances</i>	<u>5,090,590</u>	<u>784,244</u>	<u>5,874,834</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$9,185,926</u>	<u>\$1,097,160</u>	<u>\$10,283,086</u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2020*

Total Governmental Fund Balances \$5,874,834

*Amounts reported for governmental activities on the
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds. 5,023,965

Other long-term assets are not available to pay for current period expenditures
and are therefore reported as deferred inflows of resources in the funds:

Delinquent Property Taxes	140,582	
Intergovernmental Revenues	4,711	
Total	145,293	145,293

On the Statement of Activities, interest is accrued on outstanding bonds, whereas
in governmental funds, an interest expenditure is reported when due. (581)

Some liabilities are not due and payable in the current period
and, therefore, are not reported in the funds:

General Obligation Bonds	465,000	
Bond Premium	17,184	
Compensated Absences	501,262	
Total	(983,446)	(983,446)

The net OPEB asset, net pension liability, and net OPEB liability are not due and
payable in the current period; therefore, the asset, the liability, and the related
deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	486,516	
Deferred Outflows - Pension	1,704,688	
Deferred Outflows - OPEB	193,380	
Net Pension Liability	(7,728,548)	
Net OPEB Liability	(525,450)	
Deferred Inflows - Pension	(502,568)	
Deferred Inflows - OPEB	(779,532)	
Total	(7,151,514)	(7,151,514)

Net Position of Governmental Activities \$2,908,551

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$3,592,898	\$0	\$3,592,898
Intergovernmental	4,759,888	481,624	5,241,512
Interest	89,577	0	89,577
Tuition and Fees	261,141	0	261,141
Rent	6,000	0	6,000
Extracurricular Activities	339	39,061	39,400
Revenue in Lieu of Taxes	10,706	0	10,706
Contributions and Donations	350	0	350
Charges for Services	4,307	57,487	61,794
Miscellaneous	48,631	0	48,631
<i>Total Revenues</i>	<u>8,773,837</u>	<u>578,172</u>	<u>9,352,009</u>
Expenditures			
Current:			
Instruction:			
Regular	246,107	0	246,107
Vocational	4,183,215	0	4,183,215
Student Intervention Services	0	64,203	64,203
Support Services:			
Pupil	489,399	146,396	635,795
Instructional Staff	67,146	38,754	105,900
Board of Education	31,067	0	31,067
Administration	896,690	8,000	904,690
Fiscal	347,298	0	347,298
Business	5,000	0	5,000
Operation and Maintenance of Plant	838,078	400	838,478
Pupil Transportation	89,400	0	89,400
Central	266,738	0	266,738
Food Service Operations	0	232,128	232,128
Extracurricular Activities	18,746	30,229	48,975
Capital Outlay	128,491	1,237,031	1,365,522
Debt Service			
Principal Retirement	0	45,000	45,000
Interest and Fiscal Charges	0	10,712	10,712
<i>Total Expenditures</i>	<u>7,607,375</u>	<u>1,812,853</u>	<u>9,420,228</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,166,462</u>	<u>(1,234,681)</u>	<u>(68,219)</u>
Other Financing Sources (Uses)			
Transfers In	0	755,712	755,712
Transfers Out	(755,712)	0	(755,712)
<i>Total Other Financing Sources (Uses)</i>	<u>(755,712)</u>	<u>755,712</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	410,750	(478,969)	(68,219)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>4,679,840</u>	<u>1,263,213</u>	<u>5,943,053</u>
<i>Fund Balances End of Year</i>	<u>\$5,090,590</u>	<u>\$784,244</u>	<u>\$5,874,834</u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balances - Total Governmental Funds (\$68,219)

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

Governmental funds report capital outlays as expenditures. However, on 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 Asset Additions	1,586,617	
Current Year Depreciation	(265,361)	
Total	1,321,256	1,321,256

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

Delinquent Property Taxes	15,247	
Intergovernmental Revenues	4,711	
Total	19,958	19,958

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

General Obligation Bonds		45,000
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Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.

57

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the Statement of Activities.

1,983

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

Compensated Absences Payable	121,711	
Intergovernmental Payable	5,000	
Total	126,711	126,711

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

Pension	599,828	
OPEB	8,573	
Total	608,401	608,401

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

Pension	(1,229,817)	
OPEB	129,942	
Total	(1,099,875)	(1,099,875)

Change in Net Position of Governmental Activities \$955,272

See accompanying notes to the basic financial statements

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$3,280,000	\$3,349,000	\$3,336,973	(\$12,027)
Intergovernmental	4,630,400	4,778,559	4,759,888	(18,671)
Interest	100,155	95,155	89,577	(5,578)
Tuition and Fees	170,100	262,100	261,141	(959)
Rent	6,000	6,000	6,000	0
Extracurricular Activities	4,000	1,100	339	(761)
Revenue in Lieu of Taxes	10,000	12,500	10,706	(1,794)
Contributions and Donations	500	400	350	(50)
Charges for Services	5,000	6,400	4,307	(2,093)
Miscellaneous	5,000	54,841	48,631	(6,210)
<i>Total Revenues</i>	<u>8,211,155</u>	<u>8,566,055</u>	<u>8,517,912</u>	<u>(48,143)</u>
Expenditures				
Current:				
Instruction:				
Regular	257,000	257,400	244,795	12,605
Vocational	4,836,633	4,738,691	4,202,307	536,384
Support Services:				
Pupil	470,300	493,100	448,021	45,079
Instructional Staff	113,100	119,200	104,782	14,418
Board of Education	44,000	44,100	37,259	6,841
Administration	878,500	888,663	817,749	70,914
Fiscal	407,700	408,100	391,125	16,975
Business	5,000	5,000	5,000	0
Operation and Maintenance of Plant	1,150,060	1,167,555	864,615	302,940
Pupil Transportation	89,400	178,800	89,400	89,400
Central	221,000	275,085	270,478	4,607
Extracurricular Activities	37,100	39,625	18,697	20,928
Capital Outlay	205,000	305,974	255,507	50,467
<i>Total Expenditures</i>	<u>8,714,793</u>	<u>8,921,293</u>	<u>7,749,735</u>	<u>1,171,558</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(503,638)	(355,238)	768,177	1,123,415
Other Financing Uses				
Transfers Out	(100,000)	(794,000)	(755,712)	38,288
<i>Net Change in Fund Balance</i>	(603,638)	(1,149,238)	12,465	1,161,703
<i>Fund Balance Beginning of Year</i>	4,835,783	4,835,783	4,835,783	0
Prior Year Encumbrances Appropriated	296,293	296,293	296,293	0
<i>Fund Balance End of Year</i>	<u>\$4,528,438</u>	<u>\$3,982,838</u>	<u>\$5,144,541</u>	<u>\$1,161,703</u>

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	<u>Private Purpose Trust Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$81,604</u>
Net Position	
Held in Trust for Scholarships	<u>\$81,604</u>
See accompanying notes to the basic financial statements	

Belmont-Harrison Vocational School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust Fund
Additions	
Gifts and Contributions	\$18,394
Interest	1,106
	19,500
 Deductions	
Payments in Accordance with Trust Agreement	11,750
	7,750
<i>Net Position Beginning of Year</i>	73,854
<i>Net Position End of Year</i>	\$81,604

See accompanying notes to the basic financial statements

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 1 - DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

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 eleven members, one or two representatives from the eight participating school districts' elected boards, which possesses its own budgeting and taxing authority. The School District exposes students to job training leading to employment upon graduation from high school.

The School District was formed in 1967 and was opened for instruction in 1971. It is staffed by 23 classified employees and 60 certificated employees to provide services to Belmont, Harrison, Jefferson, and Carroll County freshman, sophomores, juniors, and seniors. Additionally, the School District provides satellite programs which are located at the Barnesville Exempted Village School District, the Shadyside Local School District, and the St. Clairsville-Richland City School District. These satellite programs serve seventh grade through senior students. For fiscal year 2020, the average daily membership was 472.

Reporting Entity:

Since the School District does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity," and Governmental Accounting Standards Board Statement 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34."

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Belmont-Harrison Vocational 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 for which 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 burden on the primary government. The School District has no component units.

The School District is involved with five organizations; two jointly governed organizations, three insurance purchasing pools. These organizations include 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), and the Portage Area School Consortium (Consortium). These organizations are presented in Notes 16 and 17.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 most significant of the School District's accounting policies are described as follows.

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 School District, except for fiduciary funds. 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 fiscal 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. Fiduciary funds are reported by type.

Fund Accounting

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

General Fund - The General Fund accounts for and reports 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 or transferred according to the general laws of Ohio.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into 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 which accounts for a college scholarship program for students. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no custodial funds.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities 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.

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 and current liabilities 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 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 Fiduciary Net Position. In the 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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, 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, revenue in lieu of 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, revenue in lieu of taxes, and donations are 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, grants, charges for services, and revenue in lieu of taxes.

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. The deferred outflows of resources related to pension and OPEB 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, payments in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental revenues. 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 Balance to Net Position of Governmental Activities found on page 17. Net Deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. See Notes 11 and 12 for more information.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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 governmental funds.

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.

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.”

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

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$89,577, which includes \$12,863 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 to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds include restricted cash for insurance premiums related to the underground storage tank and retainage payable.

Belmont-Harrison Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Prepaid Items

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

Inventory

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

Capital Assets

The School District’s only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in proprietary funds. 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 infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure 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. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All 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>Governmental Activities Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	21 - 50 years
Furniture and Equipment	5 - 25 years
Vehicles	8 - 15 years

Interfund Balances

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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. The liability for vacation benefits is recorded as long-term liabilities, as the balances for most employees can be carried for up to at least three years plus the current year accrual.

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

On the government fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees who have accumulated leave are paid.

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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Long-term notes are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that the 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

On the government-wide financial statements, bond premiums are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are presented as an addition of the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds are issued.

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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020

Internal Activity

Transfers within government activities on the government-wide financial 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 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 are 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.

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2020

uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. The amount assigned in the General Fund represents encumbered amounts for outstanding obligations. State Statute authorizes the Board of Education to assign fund balances for purchases on order provided such amounts have been lawfully appropriated.

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 represents the difference between all other elements in a statement of financial position. 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 is reported as restricted when there are limitations imposed on its use either through the 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 local resources to be used for insurance premiums related to Underground Storage Tanks.

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

Extraordinary and Special Items

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

Estimates

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

Budgetary Process

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 sets 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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION/FUND BALANCE

Change in Accounting Principles

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

For fiscal year 2020, the School District implemented Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

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

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and those funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2019:

	Governmental Funds		Total
	General	Non Major	
Fund Balances, June 30, 2019	\$4,679,840	\$1,150,958	\$5,830,798
Adjustments:			
GASB 84	0	112,255	112,255
Restated Fund Balances, June 30, 2019	<u>\$4,679,840</u>	<u>\$1,263,213</u>	<u>\$5,943,053</u>

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2019:

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$176,617 of the School District's total bank balance of \$667,169 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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, 2020, the School District's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was \$5,968,167 and the investment has an average maturity of 41.5 days.

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: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established. Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2020, was \$425,934 in the General Fund. The amount available as an advance at June 30, 2019, was \$170,009 in the General Fund.

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

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,515,311,960	82.74%	\$1,554,770,020	82.12%
Public Utility Personal	316,116,760	17.26%	338,448,790	17.88%
Total Assessed Value	<u>\$1,831,428,720</u>	<u>100.00%</u>	<u>\$1,893,218,810</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$1.45		\$1.45

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020, consisted of property taxes, revenue in lieu of taxes, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$140,582 may not be collected within in one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

<u>Governmental Activities</u>	<u>Amount</u>
Title IIA Grant	\$18,602
Rural Education Achievement Program Grant	<u>11,067</u>
Total Intergovernmental Receivable	<u><u>\$29,669</u></u>

Payment in Lieu of Taxes

Up Town

The School District entered into a thirty year Tax Increment Financing Agreement (TIF) in 2013. The purpose of the TIF was for the public infrastructure improvements in the Up Town section of the Village of Cadiz. The School District began receiving payments in fiscal year 2015. During fiscal year 2020, a payment in the amount of \$9,391 was received. As of June 30, 2020, a receivable for \$9,391 has been recorded which represents the payment anticipated for fiscal year 2021.

Business Development

On December 21, 2015, the Board of Education adopted a resolution authorizing a tax increment financing arrangement (TIF), pursuant to Ohio Revised Code Sections 5709.77 through 5709.80 with Belmont County and the St. Clairsville Richland City School District. The School District began receiving payments in fiscal year 2019. During fiscal year 2020, a payment in the amount of \$1,315 was received. As of June 30, 2020, a receivable for \$4,201 has been recorded which represents the payment anticipated for fiscal year 2021.

St. Clair Commons

On June 20, 2016, the Board of Education adopted a resolution authorizing a tax increment financing arrangement (TIF), and revenue sharing agreement, pursuant to Ohio Revised Code Sections 5709.40 and 5709.82 respectively, with the City of St. Clairsville. As of June 30, 2020, a receivable for \$9,322 has been recorded which represents the payment anticipated for fiscal year 2021.

NOTE 8 - INTERNAL BALANCES

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

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Other Nonmajor Governmental	<u><u>\$2,507</u></u>

The loan made to the Nonmajor Governmental Funds was used to cover actual cash deficit in the Miscellaneous Federal Grant Special Revenue Fund to support the programs until grant monies are received.

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

<u>Transfer to</u>	<u>Transfer from</u>
	<u>General</u>
Other Nonmajor Governmental	<u><u>\$755,712</u></u>

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

The transfers were used to move receipts from the General Fund to the Debt Service Fund for scheduled debt service payments and to the Capital Projects Fund for the purpose of acquiring, constructing, or improving the capital assets of the School District.

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/20</u>
Nondepreciable Capital Assets:				
Land	\$1,090,229	\$0	\$0	\$1,090,229
Construction in Progress	0	700,410	0	700,410
Total Nondepreciable Capital Assets	<u>1,090,229</u>	<u>700,410</u>	<u>0</u>	<u>1,790,639</u>
Depreciable Capital Assets:				
Land Improvements	177,645	630,459	0	808,104
Buildings and Improvements	6,415,313	49,825	0	6,465,138
Furniture and Equipment	1,860,562	15,223	(71,695)	1,804,090
Vehicles	172,256	190,700	0	362,956
Total Depreciable Capital Assets	<u>8,625,776</u>	<u>886,207</u>	<u>(71,695)</u>	<u>9,440,288</u>
Accumulated Depreciation:				
Land Improvements	(98,154)	(27,438)	0	(125,592)
Buildings and Improvements	(4,404,791)	(130,138)	0	(4,534,929)
Furniture and Equipment	(1,347,749)	(91,554)	71,695	(1,367,608)
Vehicles	(162,602)	(16,231)	0	(178,833)
Total Accumulated Depreciation	<u>(6,013,296)</u>	<u>(265,361)</u>	<u>71,695</u>	<u>(6,206,962)</u>
Total Depreciable Capital Assets, Net	<u>2,612,480</u>	<u>620,846</u>	<u>0</u>	<u>3,233,326</u>
Governmental Capital Assets, Net	<u>\$3,702,709</u>	<u>\$1,321,256</u>	<u>\$0</u>	<u>\$5,023,965</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	\$202,058
Support Services:	
Administration	6,965
Fiscal	1,301
Maintenance	38,145
Transportation	7,449
Central	3,885
Food Service Operations	<u>5,558</u>
Total	<u>\$265,361</u>

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 10 - RISK MANAGEMENT

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17). The Belmont-Harrison Vocational School District contracted with the Ohio School Plan for liability, property, and fleet insurance.

<i>Property:</i>	
Building and Contents - replacement cost (\$1,000 Deductible)	\$34,227,137
Flood Coverage (\$25,000 Deductible)	5,000,000
<i>Commercial Auto Coverage:</i>	
Auto Liability (Deductible: \$1,000 for Buses, \$500 for All Other)	3,000,000
Uninsured Motorists	1,000,000
<i>Educational General Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
Personal and Advertising Injury Limit - Each Occurrence	3,000,000
<i>Sexual Misconduct Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
<i>Employers' Liability:</i>	
Each Occurrence	3,000,000
<i>Employee Benefits Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
<i>School Leaders Errors and Omissions Liability:</i>	
Each Occurrence	3,000,000
Aggregated Limit	5,000,000
<i>Crime Coverage:</i>	
Employee Theft, Forgery or Alteration (\$1,000 Deductible)	100,000

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.

Worker's Compensation

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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. CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Employee Benefits

Medical/surgical, prescription drug, life and dental insurance is offered to all employees through the Portage Area Schools Consortium (Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that thirteen educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Consortium currently has 25 members. The Consortium has organized into two distinct entities to facilitate its risk management operations. The Portage Area Schools Consortium Property and Casualty Insurance Pool functions to manage the School District's physical property and liability risk. The Portage Area Schools Consortium Health and Welfare Trust is organized under provisions of Section 501 (c) (9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits, coverage such as health and accident insurance, disability insurance and life insurance. The School District participates in the Portage Area Schools Consortium Health and Welfare Trust. A third-party administrator is retained by the consortium to facilitate the operation of the Portage Area Schools Consortium Health and Welfare Trust. The School District pays all insurance premiums directly to the Consortium; one of its administrators serves as a trustee of the consortium's governing board as provided in the Consortium's enabling authority. The School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted.

Medical/surgical and prescription drug insurance are offered to employees through the Portage Area School Consortium. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is \$699.65 for individual coverage per month and \$1,992.37 for family coverage per month which represents 85 percent of the total premium. The premium is paid from the fund that pays the salary of the covered employee. Prescription drug coverage is included with the medical/surgical premium. The Board's share of the premiums for dental coverage is \$42.35 for individual coverage per month and \$98.96 for family coverage per month which represents 90 percent of the total premium.

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.

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.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of

Belmont-Harrison Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

The School District's contractually required contribution to SERS was \$110,492 for fiscal year 2020, of which the full amount has been contributed.

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. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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 to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

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

The School District’s contractually required contribution to STRS was \$489,336 for fiscal year 2020. Of this amount, \$73,907 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.02153740%	0.02862997%	
Current Measurement Date	<u>0.02059970%</u>	<u>0.02937467%</u>	
Change in Proportionate Share	<u>-0.00093770%</u>	<u>0.00074470%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$1,232,516	\$6,496,032	\$7,728,548
Pension Expense	\$229,536	\$1,000,281	\$1,229,817

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

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$31,254	\$52,889	\$84,143
Changes of assumptions	0	763,085	763,085
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	37,958	219,674	257,632
School District contributions subsequent to the measurement date	<u>110,492</u>	<u>489,336</u>	<u>599,828</u>
Total Deferred Outflows of Resources	<u>\$179,704</u>	<u>\$1,524,984</u>	<u>\$1,704,688</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$28,120	\$28,120
Net difference between projected and actual earnings on pension plan investments	15,821	317,490	333,311
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>45,502</u>	<u>95,635</u>	<u>141,137</u>
Total Deferred Inflows of Resources	<u>\$61,323</u>	<u>\$441,245</u>	<u>\$502,568</u>

\$599,828 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$37,372	\$464,057	\$501,429
2022	(37,402)	118,617	81,215
2023	(1,054)	(51,971)	(53,025)
2024	<u>8,973</u>	<u>63,700</u>	<u>72,673</u>
Total	<u>\$7,889</u>	<u>\$594,403</u>	<u>\$602,292</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

Belmont-Harrison Vocational School District

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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.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$1,727,196	\$1,232,516	\$817,665

Actuarial Assumptions - STRS

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

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

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

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

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

Belmont-Harrison Vocational School District

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

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

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

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

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	\$9,493,227	\$6,496,032	\$3,958,753

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2020, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 12 - DEFINED BENEFIT OPEB PLAN

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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

For fiscal year 2020, the School District's surcharge obligation was \$8,573.

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 \$8,573 for fiscal year 2020, and is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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

Belmont-Harrison Vocational School District

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For the Fiscal Year Ended June 30, 2020

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, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

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

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.02142330%	0.02862997%	
Current Measurement Date	<u>0.02089440%</u>	<u>0.02937467%</u>	
Change in Proportionate Share	<u>-0.00052890%</u>	<u>0.00074470%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$525,450	\$0	\$525,450
Net OPEB (Asset)	\$0	(\$486,516)	(\$486,516)
OPEB Expense	\$17,286	(\$147,228)	(\$129,942)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$7,713	\$44,106	\$51,819
Changes of assumptions	38,378	10,226	48,604
Net difference between projected and actual earnings on pension plan investments	1,261	0	1,261
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	53,134	29,989	83,123
School District contributions subsequent to the measurement date	<u>8,573</u>	<u>0</u>	<u>8,573</u>
Total Deferred Outflows of Resources	<u>\$109,059</u>	<u>\$84,321</u>	<u>\$193,380</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$115,438	\$24,752	\$140,190
Changes of assumptions	29,445	533,407	562,852
Net difference between projected and actual earnings on OPEB plan investments	0	30,557	30,557
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>21,949</u>	<u>23,984</u>	<u>45,933</u>
Total Deferred Inflows of Resources	<u>\$166,832</u>	<u>\$612,700</u>	<u>\$779,532</u>

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

\$8,573 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	(\$27,690)	(\$114,412)	(\$142,102)
2022	(6,237)	(114,412)	(120,649)
2023	(5,866)	(102,166)	(108,032)
2024	(5,926)	(97,867)	(103,793)
2025	(12,547)	(101,638)	(114,185)
2025	(8,080)	2,116	(5,964)
Total	(\$66,346)	(\$528,379)	(\$594,725)

Actuarial Assumptions - SERS

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

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

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

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

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

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$637,797	\$525,450	\$436,121

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	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	\$420,992	\$525,450	\$664,041

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented 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	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

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position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	(\$415,144)	(\$486,516)	(\$546,522)
		<u>Current Trend Rate</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>	
School District's proportionate share of the net OPEB asset	(\$551,686)	(\$486,516)	(\$406,697)

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 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Full-time teachers, administrators, and classified employees earn sick leave at the rate of one and one-half days per month. Sick leave may be accumulated up to a maximum of 300 days for all personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit.

Insurance Benefits

The School District provides life insurance through Mutual of Omaha Life AD&D, in the amount of \$50,000 for all full-time employees. The School District pays 100 percent of the premiums of \$4.50 per month for all employees. The School District provides vision insurance through Vision Service Plan. The Board's share of vision insurance is \$16.53 for single and \$37.42 for family, per month, which represents 90 percent of the total premium.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 14 - COMMITMENTS

Construction Commitment

On March 2, 2020, the School District entered into contracts in the amount of \$1,058,809 for restroom renovations to be paid from the Capital Projects Building Fund. As of June 30, 2020, \$700,410 of work has been completed on the project and \$358,399 remains on the contracts.

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 fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$194,095
Other Non-major Governmental Funds	<u>2,143</u>
Total	<u><u>\$196,238</u></u>

NOTE 15 - LONG - TERM OBLIGATIONS

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

	Outstanding 6/30/19	Additions	Reductions	Outstanding 6/30/20	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
<i>2013 Energy Conservation and School Improvement Bonds</i>					
Term Bonds \$680,000 @ 1.0% - 2.5%	\$510,000	\$0	\$45,000	\$465,000	\$50,000
Premium \$31,726	<u>19,167</u>	<u>0</u>	<u>1,983</u>	<u>17,184</u>	<u>0</u>
Total General Obligation Bonds	529,167	0	46,983	482,184	50,000
<i>Compensated Absences</i>	622,973	93,883	215,594	501,262	50,244
<i>Long-Term Intergovernmental Payable</i>	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>
Other Long-Term Obligations:					
<i>Net Pension Liability</i>					
SERS	1,233,487	0	971	1,232,516	0
STRS	<u>6,295,088</u>	<u>200,944</u>	<u>0</u>	<u>6,496,032</u>	<u>0</u>
Total Net Pension Liability	7,528,575	200,944	971	7,728,548	0
<i>SERS Net OPEB Liability</i>	<u>594,341</u>	<u>0</u>	<u>68,891</u>	<u>525,450</u>	<u>0</u>
Total Governmental Activities	<u><u>\$9,280,056</u></u>	<u><u>\$294,827</u></u>	<u><u>\$337,439</u></u>	<u><u>\$9,237,444</u></u>	<u><u>\$100,244</u></u>

2013 Energy Conservation and School Improvement Bonds

On February 12, 2013, Belmont-Harrison Vocational School District issued \$682,575 of general obligation bonds, which included capital appreciation bonds in the amount of \$2,575, in accordance with House Bill 264. The bonds were issued to finance an energy conservation project. The term bonds were issued at a 1.0 percent

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

to 2.5 percent interest rate, for a period of fifteen years with a final maturity of December 1, 2028. The bonds were issued at a premium of \$31,726, which is being reported as an increase to bonds payable. This amount is being amortized over the life of the bonds using the straight-line method.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program. On December 13, 2012, Moody's Investor Service reviewed and assigned a rating of Aa2 to the Energy Conservation and School Improvement Bonds. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the Department of Education will make the sufficient payment.

The Term Bonds maturing on December 1, 2016, were subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2014	\$35,000
2015	45,000

The remaining principal amount of such Term Bonds (\$45,000) matured at stated maturity on December 1, 2016. The Term Bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2018	\$45,000
2019	45,000

The remaining principal amount of such Term Bonds (\$50,000) will mature at stated maturity on December 1, 2020.

The Term Bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2021	\$50,000
2022	50,000

The remaining principal amount of such Term Bonds (\$50,000) will mature at stated maturity on December 1, 2023.

The Term Bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption at the redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

Belmont-Harrison Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

<u>Redemption Date (December 1)</u>	<u>Principal Amount to be Redeemed</u>
2024	\$50,000
2025	50,000
2026	55,000
2027	55,000

The remaining principal amount of such Term Bonds (\$55,000) will mature at stated maturity on December 1, 2028.

The final capital appreciation bonds for this issue matured on December 1, 2017. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest was paid and the bond holder received the face value of the bond. There are no outstanding capital appreciation bonds remaining at June 30, 2020.

The principal and interest requirements to retire the remaining general obligation bonds for the Energy Conservation and School Improvement Bonds are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Term Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$50,000	\$10,375	\$60,375
2022	50,000	9,625	59,625
2023	50,000	8,625	58,625
2024	50,000	7,625	57,625
2025	50,000	6,625	56,625
2026-2029	215,000	13,625	228,625
Total	<u>\$465,000</u>	<u>\$56,500</u>	<u>\$521,500</u>

The School District's overall legal debt margin was \$169,924,693, with an unvoted debt margin of \$1,893,219, at June 30, 2020.

Long-Term Intergovernmental Payable

On April 8, 2016, the Belmont-Harrison Vocational School District Board of Education signed an addendum to Service Agreement with the East Central Ohio Educational Service Center Governing Board (ECOESC). The Board of Education and the ECOESC wish to include an additional service to the services that the ECOESC will provide to the Board of Education pursuant to Section 3313.845 of Ohio Revised Code. In consideration of the services contained in the addendum, the ECOESC purchased property to be used for the delivery of educational services to students served by the Belmont County school district clients of the ECOESC. In consideration of the above, the Board agreed to pay ECOESC the sum of \$5,000 per year for a period of five years, for a total payment of \$25,000. As of June 30, 2020, the obligation was paid in full.

Compensated Absences

The School District pays compensated absences from the General Fund.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the General Fund and the Miscellaneous Federal Grant and Food Service Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 11 and 12.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2020, the total amount paid to the Council from the School District was \$12,015 for technology services and \$11,848 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. 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 is a jointly governed organization including over 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2020.

NOTE 17 - PUBLIC ENTITY 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 Ohio School Boards Association. The Executive Director of the Ohio School Boards Association, 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 \$625 for policy year 2020 was paid to CompManagement, Inc.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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.

The Portage Area School Consortium (Consortium)

The School District participates in the Portage Area School Consortium (Consortium) a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts. The Consortium is a stand-alone entity, composed of two stand-alone Pools: the Portage Area Schools Consortium Property and Casualty Pool and the Portage Area Schools Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

NOTE 18 - 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2019	\$0
Current Year Set-aside Requirement	92,675
Current Year Qualifying Expenditures	<u>(345,549)</u>
Totals	<u>(\$252,874)</u>
Balance Carried Forward to Fiscal Year 2021	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2020	<u>\$0</u>

The School District had current year qualifying expenditures which reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future fiscal years. The School District also had current and prior fiscal year expenditures from debt proceeds that may be carried forward to future fiscal years.

Belmont-Harrison Vocational School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

NOTE 19 - CONTINGENCIES

Grants

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

State Foundation Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by the schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

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

NOTE 20 - COVID-19

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

NOTE 21 - SUBSEQUENT EVENTS

Labor Agreement

As of the date of the financial statements, the School District is in contract negotiations with the Belmont-Harrison Vocational Support Staff and the Belmont-Harrison Vocational Education Association. The support staff and the education association staff are currently working under an extension of the contracts which expired on June 30, 2020.

**Required
Supplementary
Information**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.02059970%	0.02153740%	0.01820220%
School District's Proportionate Share of the Net Pension Liability	\$1,232,516	\$1,233,487	\$1,087,542
School District's Covered Payroll	\$706,689	\$635,119	\$600,593
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.41%	194.21%	181.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 for each year.

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

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.01937750%	0.01865310%	0.01964700%	0.01964700%
\$1,418,253	\$1,064,365	\$994,323	\$1,168,344
\$602,750	\$568,065	\$563,369	\$520,701
235.30%	187.37%	176.50%	224.38%
62.98%	69.16%	71.70%	65.52%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.02937467%	0.02862997%	0.02943764%
School District's Proportionate Share of the Net Pension Liability	\$6,496,032	\$6,295,088	\$6,992,974
School District's Covered Payroll	\$3,457,150	\$3,277,136	\$3,238,271
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.90%	192.09%	215.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 for each year.

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

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02859675%	0.02819944%	0.02799468%	0.02799468%
\$9,572,194	\$7,793,501	\$6,809,275	\$8,111,164
\$3,029,871	\$2,924,743	\$2,883,454	\$2,705,607
315.93%	266.47%	236.15%	299.79
66.80%	72.10%	74.70%	69.30%

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

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.02089440%	0.02142330%	0.01851980%	0.01963980%
School District's Proportionate Share of the Net OPEB Liability	\$525,450	\$594,341	\$497,023	\$559,807
School District's Covered Payroll	\$706,689	\$635,119	\$600,593	\$602,750
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.35%	93.58%	82.76%	92.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

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

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

	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.02937467%	0.02862997%	0.02943764%	0.02859675%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$486,516)	(\$460,055)	\$1,148,548	\$1,529,362
School District's Covered Payroll	\$3,457,150	\$3,277,136	\$3,238,271	\$3,029,871
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.07%	-14.04%	35.47%	50.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	174.70%	176.00%	47.10%	37.30%

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

Belmont-Harrison Vocational School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$110,492	\$95,403	\$85,741	\$84,083
Contributions in Relation to the Contractually Required Contribution	<u>(110,492)</u>	<u>(95,403)</u>	<u>(85,741)</u>	<u>(84,083)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$789,229	\$706,689	\$635,119	\$600,593
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$8,573	\$14,943	\$12,856	\$10,319
Contributions in Relation to the Contractually Required Contribution	<u>(\$8,573)</u>	<u>(\$14,943)</u>	<u>(\$12,856)</u>	<u>(\$10,319)</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>1.09%</u>	<u>2.11%</u>	<u>2.02%</u>	<u>1.72%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.09%</u>	<u>15.61%</u>	<u>15.52%</u>	<u>15.72%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$84,385	\$74,871	\$78,083	\$72,065	\$72,762	\$68,196
<u>(84,385)</u>	<u>(74,871)</u>	<u>(78,083)</u>	<u>(72,065)</u>	<u>(72,762)</u>	<u>(68,196)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$602,750	\$568,065	\$563,369	\$520,701	\$540,982	\$542,529
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>
\$9,950	\$14,619	\$10,827	\$10,338	\$11,361	\$16,212
<u>(\$9,950)</u>	<u>(\$14,619)</u>	<u>(\$10,827)</u>	<u>(\$10,338)</u>	<u>(\$11,361)</u>	<u>(\$16,212)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.65%</u>	<u>2.57%</u>	<u>1.92%</u>	<u>1.99%</u>	<u>2.10%</u>	<u>2.99%</u>
<u>15.65%</u>	<u>15.75%</u>	<u>15.78%</u>	<u>15.83%</u>	<u>15.55%</u>	<u>15.56%</u>

Belmont-Harrison Vocational School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability				
Contractually Required Contribution	\$489,336	\$484,001	\$458,799	\$453,358
Contributions in Relation to the Contractually Required Contribution	<u>(489,336)</u>	<u>(484,001)</u>	<u>(458,799)</u>	<u>(453,358)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,495,257	\$3,457,150	\$3,277,136	\$3,238,271
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
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 the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$424,182	\$409,464	\$374,849	\$351,729	\$384,824	\$394,804
<u>(424,182)</u>	<u>(409,464)</u>	<u>(374,849)</u>	<u>(351,729)</u>	<u>(384,824)</u>	<u>(394,804)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,029,871	\$2,924,743	\$2,883,454	\$2,705,607	\$2,960,186	\$3,036,957
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$28,835	\$27,056	\$29,602	\$30,370
<u>0</u>	<u>0</u>	<u>(28,835)</u>	<u>(27,056)</u>	<u>(29,602)</u>	<u>(30,370)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Belmont-Harrison Vocational School District

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020*

Net Pension Liability

Changes in Assumptions – SERS

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

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

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
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:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
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.

Belmont-Harrison Vocational School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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

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

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

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

Changes in Assumptions – STRS

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

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

Belmont-Harrison Vocational School District

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020*

Changes in Benefit Terms – STRS OPEB

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

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

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Belmont Harrison Vocational School District
Belmont County
68090 Hammond Road
St. Clairsville, Ohio 43950

To the Board of Education:

We have audited, in accordance with auditing standards general 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 Belmont Harrison Vocational School District, Belmont County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 29, 2021. We noted the District implemented GASB Statement No. 84, "*Fiduciary Activities*" and related guidance from (GASB) Implementation Guide No. 2019-02, "*Fiduciary Activities*".

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Belmont Harrison Vocational 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 of the financial statements, but not to the extent necessary to opine of the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Belmont Harrison Vocational 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 statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
November 29, 2021

OHIO AUDITOR OF STATE KEITH FABER



BELMONT-HARRISON VOCATIONAL 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 2/1/2022

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