



OHIO AUDITOR OF STATE
KEITH FABER



**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2022**

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WASHINGTON COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Belpre City School District
Washington County
2014 Rockland Avenue
Belpre, Ohio 45714

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Elementary and Secondary School Emergency Relief (ESSER) Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of the School District's Proportionate Share of Net Pension and Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Schedules of School District Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2023

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The management's discussion and analysis of the Belpre City School District's ("the School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. 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 fiscal year 2022 are as follows:

- In total, net position of governmental activities increased \$3,831,096 from 2021's net position.
- General revenues accounted for \$11,934,534 in revenue or 76.13% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,742,199 or 23.87% of total revenues of \$15,676,733.
- The School District had \$11,845,637 in expenses related to governmental activities; only \$3,742,199 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,934,534 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund, the elementary and secondary school emergency relief fund (ESSER), and the permanent improvement fund. The general fund had \$12,630,653 in revenues and \$12,482,400 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance increased \$148,253 from a balance of \$5,504,210 to a balance of \$5,652,463.
- The ESSER fund had \$1,430,178 in revenues and \$1,527,983 in expenditures. During fiscal year 2022, the ESSER fund's fund balance decreased \$97,805 from a deficit of \$114,568 to a deficit of \$212,373.
- The permanent improvement fund had \$2,500,000 in other financing sources and no expenditures. During fiscal year 2022, the permanent improvement fund's fund balance increased \$2,500,000 from a balance of \$650,000 to a balance of \$3,150,000.

Using the Basic Financial Statements

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole 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 nonmajor funds presented in total in one column. In the case of the School District, the general fund, the elementary and secondary school emergency relief (ESSER) fund, and the permanent improvement fund are the governmental funds reported as major funds.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the elementary and secondary school emergency relief (ESSER) fund, and the permanent improvement fund.

Governmental Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. The table below provides a summary of the School District's net position at June 30, 2022 and June 30, 2021.

	<u>Net Position - Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current and other assets	\$ 17,330,120	\$ 13,732,557
Net OPEB asset	760,920	608,421
Capital assets, net	<u>5,740,331</u>	<u>6,252,909</u>
Total assets	<u>23,831,371</u>	<u>20,593,887</u>
<u>Deferred outflows of resources</u>		
Pension	2,570,495	1,855,889
OPEB	<u>265,089</u>	<u>336,820</u>
Total deferred outflows	<u>2,835,584</u>	<u>2,192,709</u>
<u>Liabilities</u>		
Current liabilities	1,310,659	1,298,234
Long-term liabilities:		
Due within one year	93,091	92,125
Due in more than one year:		
Net pension liability	5,983,302	11,150,543
Net OPEB liability	723,988	945,756
Other amounts	<u>860,712</u>	<u>872,690</u>
Total liabilities	<u>8,971,752</u>	<u>14,359,348</u>
<u>Deferred inflows of resources</u>		
Property taxes	6,792,735	5,932,430
Pension	5,494,892	1,066,913
OPEB	<u>1,626,734</u>	<u>1,478,159</u>
Total deferred inflows	<u>13,914,361</u>	<u>8,477,502</u>
<u>Net Position</u>		
Net investment in capital assets	5,419,014	5,890,608
Restricted	345,265	851,822
Unrestricted (deficit)	<u>(1,983,437)</u>	<u>(6,792,684)</u>
Total net position (deficit)	<u>\$ 3,780,842</u>	<u>\$ (50,254)</u>

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the 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.

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

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

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Analysis of Net Position

Over time, net position can serve as a useful indicator of a School District's financial position. At June 30, 2022, the School District's assets and deferred outflows of resources exceeded liabilities plus deferred inflows by \$3,780,842.

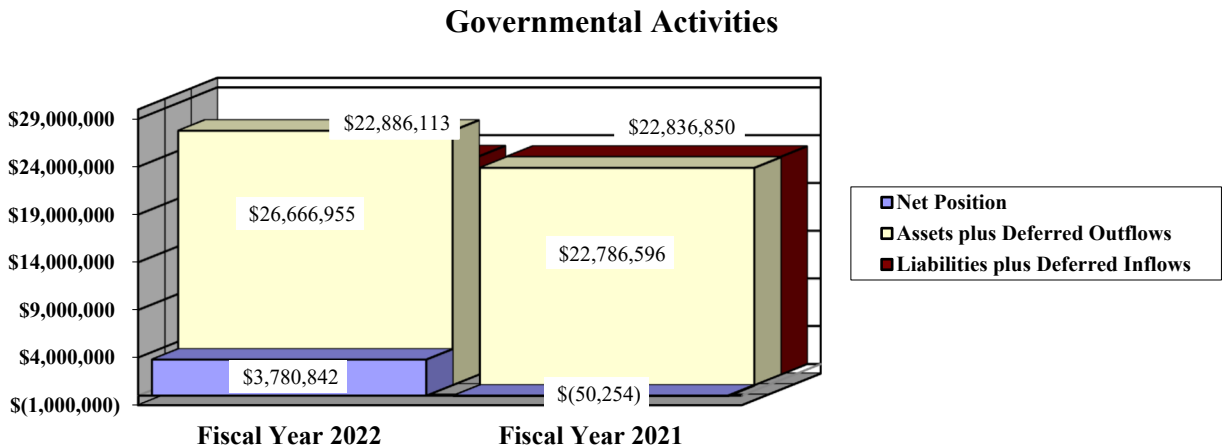
Current and other assets increased primarily due to an increase in cash and property taxes receivable as a result of the 8.226 mill Emergency Operating Levy approved by the voters in May 2018. Collections on this levy began in fiscal year 2019.

The net pension liability decreased \$5,167,241 or 46.34% and deferred inflows of resources related to pension increased \$4,427,979 or 415.03%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which caused a large increase in their respective fiduciary net positions.

At year-end, capital assets represented 24.09% of total assets. Capital assets include land, land improvements buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2022, was \$5,419,014. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the School District's net position, \$345,265 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$1,983,437.

The table below provides a summary of the School District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position for fiscal years 2022 and 2021.



**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The table below shows the change in net position for fiscal years 2022 and 2021.

	Change in Net Position - Governmental Activities	
	2022	2021
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 126,587	\$ 424,733
Operating grants and contributions	3,615,612	3,559,229
General revenues:		
Property taxes	6,435,988	6,335,011
Grants and entitlements	5,466,430	5,831,183
Investment earnings	8,140	4,073
Other	23,976	14,054
Total revenues	<u>15,676,733</u>	<u>16,168,283</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	4,194,082	5,001,920
Special	2,344,868	2,249,483
Vocational	2,388	-
Other	71,575	50,838
Support services:		
Pupil	588,286	556,896
Instructional staff	813,931	1,176,243
Board of education	62,625	73,516
Administration	942,807	959,466
Fiscal	484,960	462,185
Business	2,712	2,459
Operations and maintenance	928,032	980,547
Pupil transportation	553,075	463,233
Central	7,916	4,556
Operation of non-instructional services:		
Food service operations	481,038	439,546
Extracurricular activities	355,549	299,981
Interest and fiscal charges	11,793	13,025
Total expenses	<u>11,845,637</u>	<u>12,733,894</u>
Change in net position	3,831,096	3,434,389
Net position (deficit) at beginning of year	<u>(50,254)</u>	<u>(3,484,643)</u>
Net position (deficit) at end of year	<u>\$ 3,780,842</u>	<u>\$ (50,254)</u>

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities

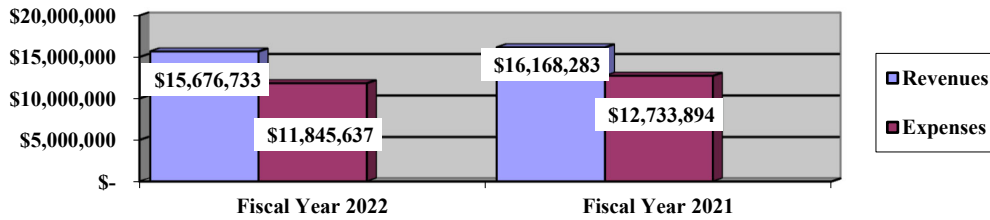
Net position of the School District's governmental activities increased \$3,831,096. Total governmental expenses of \$11,845,637 were offset by program revenues of \$3,742,199 and general revenues of \$11,934,534. Program revenues supported 31.59% of the total governmental expenses.

Overall, expenses of the governmental activities decreased \$888,257 or 6.98%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$1,522,518. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 75.92% of total governmental revenue.

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2022 and 2021.

Governmental Activities - Revenues and Expenses



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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The total and net costs of services for fiscal years 2022 and 2021 are presented on the following page.

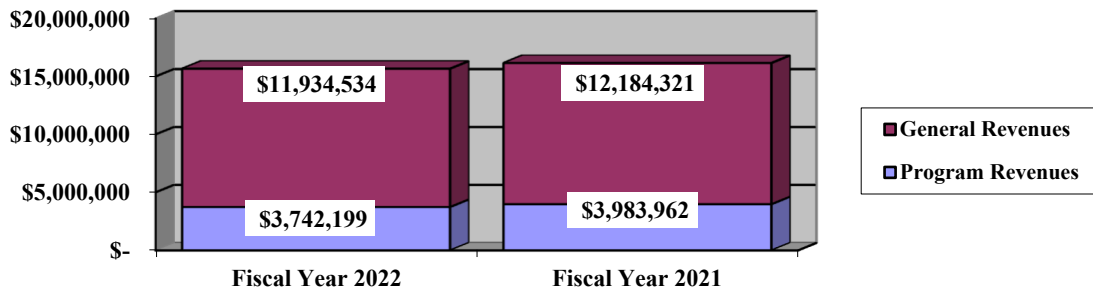
Governmental Activities

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program expenses				
Instruction:				
Regular	\$ 4,194,082	\$ 3,256,936	\$ 5,001,920	\$ 3,817,233
Special	2,344,868	1,176,706	2,249,483	980,053
Vocational	2,388	2,287	-	-
Other	71,575	54,155	50,838	46,734
Support services:				
Pupil	588,286	198,809	556,896	428,180
Instructional staff	813,931	476,871	1,176,243	452,007
Board of education	62,625	62,625	73,516	73,516
Administration	942,807	854,375	959,466	956,243
Fiscal	484,960	484,960	462,185	462,185
Business	2,712	2,712	2,459	2,459
Operations and maintenance	928,032	891,422	980,547	795,848
Pupil transportation	553,075	537,099	463,233	456,032
Central	7,916	7,916	4,556	4,556
Operation of non-instructional services:				
Food service operations	481,038	(180,520)	439,546	23,696
Extracurricular activities	355,549	265,292	299,981	238,165
Interest and fiscal charges	11,793	11,793	13,025	13,025
Total expenses	<u>\$ 11,845,637</u>	<u>\$ 8,103,438</u>	<u>\$ 12,733,894</u>	<u>\$ 8,749,932</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 55.41% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 99.26%. The School District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2022 and 2021.

Governmental Activities - General and Program Revenues



**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The School District's Funds

The School District's governmental funds reported a combined fund balance of \$8,828,669 which is greater than last year's balance of \$6,164,336. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance (Deficit) <u>June 30, 2022</u>	Fund Balance (Deficit) <u>June 30, 2021</u>	<u>Change</u>
General	\$ 5,652,463	\$ 5,504,210	\$ 148,253
Elementary and Secondary School Emergency Relief	(212,373)	(114,568)	(97,805)
Permanent improvement	3,150,000	650,000	2,500,000
Nonmajor Governmental	<u>238,579</u>	<u>124,694</u>	<u>113,885</u>
Total	<u>\$ 8,828,669</u>	<u>\$ 6,164,336</u>	<u>\$ 2,664,333</u>

General Fund

The School District's general fund's fund balance increased by \$148,253.

	<u>2022 Amount</u>	<u>2021 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 6,493,306	\$ 6,327,946	\$ 165,360	2.61 %
Intergovernmental	6,080,984	6,297,198	(216,214)	(3.43) %
Investment earnings	5,713	4,046	1,667	41.20 %
Tuition and fees	14,976	357,813	(342,837)	(95.81) %
Other revenues	<u>35,674</u>	<u>19,029</u>	<u>16,645</u>	87.47 %
Total	<u>\$ 12,630,653</u>	<u>\$ 13,006,032</u>	<u>\$ (375,379)</u>	(2.89) %
<u>Expenditures</u>				
Instruction	\$ 5,726,597	\$ 5,705,429	\$ 21,168	0.37 %
Support services	3,860,896	3,444,620	416,276	12.08 %
Extracurricular activities	192,742	175,721	17,021	9.69 %
Facilities acquisition and construction	86,780	418,637	(331,857)	(79.27) %
Debt service	<u>52,885</u>	<u>49,104</u>	<u>3,781</u>	7.70 %
Total	<u>\$ 9,919,900</u>	<u>\$ 9,793,511</u>	<u>\$ 126,389</u>	1.29 %

Revenues of the general fund decreased \$375,379 or 2.89%. Taxes increased 2.61% due to increased taxable valuations of taxable property. Tuition and fees receipts decreased due to changes in the state foundation funding model.

During fiscal year 2022, expenditures of the general fund increased \$126,389 or 1.29%. This is primarily due to an increase in support service expenditures.

Elementary and Secondary School Emergency Relief (ESSER) Fund

In fiscal year 2022, the elementary and secondary school emergency relief fund was recognized as a major governmental fund. The ESSER fund had \$1,430,178 in revenues and \$1,527,983 in expenditures. During fiscal year 2022, the fund balance of the ESSER fund decreased \$97,805 from a deficit of \$114,568 to a deficit of \$212,373.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Permanent Improvement Fund

In fiscal year 2022, the permanent improvement fund was recognized as a major governmental fund. The permanent improvement fund had \$2,500,000 in other financing sources and no expenditures. During fiscal year 2022, the fund balance of the permanent improvement fund increased \$2,500,000 from \$650,000 to \$3,150,000.

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.

For the general fund, final budgeted revenues and other financing sources were \$12,752,654 which was less than the original budgeted revenues and other financing sources estimate of \$12,992,175. Actual revenues and other financing sources for fiscal year 2022 were \$12,759,209. This represents a \$6,555 increase from final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$12,815,913 were less than the final appropriations and other financing uses of \$13,065,153. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled \$13,046,033 which were \$19,120 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$5,740,331 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and infrastructure. This entire amount is reported in governmental activities.

The following table shows June 30, 2022 balances compared to June 30, 2021:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 1,168,834	\$ 1,232,814
Land improvements	248,777	277,134
Building and improvements	3,229,197	3,353,147
Furniture and equipment	365,269	618,030
Vehicles	602,391	629,923
Infrastructure	<u>125,863</u>	<u>141,861</u>
Total	<u>\$ 5,740,331</u>	<u>\$ 6,252,909</u>

The overall decrease in capital assets of \$512,578 is primarily due to net capital asset disposals of \$477,679 and depreciation expense of \$237,273 exceeding capital asset additions of \$202,374.

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Debt Administration

At June 30, 2022, the School District had \$315,000 in energy conservation bond obligations. Of this total, \$40,000 is due within one year and \$275,000 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>
Energy conservation bond obligations	\$ <u>315,000</u>	\$ <u>355,000</u>

At June 30, 2022, the School District's overall legal debt margin was \$19,938,650 and the unvoted debt margin was \$221,541. See Note 9 to the basic financial statements for additional information on the School District's debt administration.

Current Financial Related Activities

The Board of Education and administration closely monitor revenues and expenditures in accordance with its financial forecast and work to prudently utilize, efficiently and effectively, the tax dollars and other resources available.

The School District faces many challenges in today's environment; however we do anticipate a slight increase in State revenue resulting from H.B. 110. The Fair Funding Model contained in H.B. 110 has only been funded for the current biennium so there are still uncertainties surrounding the State budget beyond 2023. The School District relies heavily on its taxpayers to support its operations. The voters passed only the second new levy issue in 42 years when they approved an 8.226 mill Emergency Operating Levy in May 2018. Property valuations have steadily increased since 2018. Residential property valuations are projected to increase another 23.8% during the reappraisal this fiscal year.

Based upon the current financial situation, with the passage of the Emergency Levy, the School District will be able to maintain financial stability beyond fiscal year 2027 by trimming expenses and living within the means provided. During fiscal year 2014 the Board undertook a House Bill 264 Energy Conservation Program Project to provide savings and improve facilities for the staff and students. Upon reviewing the School District's five-year forecast, deficit spending is projected to begin again in fiscal year 2025. It is important to note that we have not projected additional H.B. 110 funding in our projections.

The School District is reviewing current programs and will use attrition as much as possible to reduce future costs.

The School District negotiated a new three-year contract with the classified staff in July 2021. The School District negotiated a new three-year contract with certified staff in June 2020.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Lance Erlwein, Treasurer/CFO at Belpre City School District, 2014 Rockland Avenue, Belpre, Ohio 45714.

BASIC
FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,680,902
Investments	5,501
Receivables:	
Property taxes	7,153,880
Accounts	5,456
Accrued interest	2,398
Intergovernmental	421,400
Prepayments	23,920
Materials and supplies inventory	29,854
Inventory held for resale	6,809
Net OPEB asset	760,920
Capital assets:	
Nondepreciable capital assets	1,168,834
Depreciable capital assets, net	4,571,497
Capital assets, net	5,740,331
Total assets	23,831,371
 Deferred outflows of resources:	
Pension	2,570,495
OPEB	265,089
Total deferred outflows of resources	2,835,584
 Liabilities:	
Accounts payable	23,794
Accrued wages and benefits payable	1,064,087
Intergovernmental payable	56,424
Pension and postemployment benefits payable	165,334
Accrued interest payable	1,020
Long-term liabilities:	
Due within one year	93,091
Due in more than one year:	
Net pension liability	5,983,302
Net OPEB liability	723,988
Other amounts due in more than one year	860,712
Total liabilities	8,971,752
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	6,792,735
Pension	5,494,892
OPEB	1,626,734
Total deferred inflows of resources	13,914,361
 Net position:	
Net investment in capital assets	5,419,014
Restricted for:	
Permanent fund - nonexpendable	4,735
State funded programs	3,600
Federally funded programs	-
Food service operations	208,651
Extracurricular	120,457
Other purposes	7,822
Unrestricted (deficit)	(1,983,437)
Total net position	\$ 3,780,842

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 4,194,082	\$ 14,976	\$ 922,170	\$ (3,256,936)
Special	2,344,868	-	1,168,162	(1,176,706)
Vocational	2,388	-	101	(2,287)
Other	71,575	-	17,420	(54,155)
Support services:				
Pupil	588,286	11,684	377,793	(198,809)
Instructional staff	813,931	-	337,060	(476,871)
Board of education	62,625	-	-	(62,625)
Administration	942,807	-	88,432	(854,375)
Fiscal	484,960	-	-	(484,960)
Business	2,712	-	-	(2,712)
Operations and maintenance	928,032	70	36,540	(891,422)
Pupil transportation	553,075	-	15,976	(537,099)
Central	7,916	-	-	(7,916)
Operation of non-instructional services:				
Food service operations	481,038	20,750	640,808	180,520
Extracurricular activities	355,549	79,107	11,150	(265,292)
Interest and fiscal charges	11,793	-	-	(11,793)
Totals	<u>\$ 11,845,637</u>	<u>\$ 126,587</u>	<u>\$ 3,615,612</u>	<u>(8,103,438)</u>
General revenues:				
Property taxes levied for:				
General purposes				6,435,988
Grants and entitlements not restricted to specific programs				5,466,430
Investment earnings				8,140
Miscellaneous				23,976
Total general revenues				<u>11,934,534</u>
Change in net position				3,831,096
Net position (deficit) at beginning of year				<u>(50,254)</u>
Net position at end of year				<u><u>\$ 3,780,842</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Elementary and Secondary School Emergency	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 6,023,261	\$ 14,758	\$ 3,150,000	\$ 492,883	\$ 9,680,902
Investments	-	-	-	5,501	5,501
Receivables:					
Property taxes	7,153,880	-	-	-	7,153,880
Accounts	5,456	-	-	-	5,456
Accrued interest	2,398	-	-	-	2,398
Interfund loans	227,287	-	-	-	227,287
Intergovernmental	128,530	212,373	-	80,497	421,400
Prepayments	23,422	-	-	498	23,920
Materials and supplies inventory	25,993	-	-	3,861	29,854
Inventory held for resale	-	-	-	6,809	6,809
Total assets	<u>\$ 13,590,227</u>	<u>\$ 227,131</u>	<u>\$ 3,150,000</u>	<u>\$ 590,049</u>	<u>\$ 17,557,407</u>
Liabilities:					
Accounts payable	\$ 15,705	\$ 2,100	\$ -	\$ 5,989	\$ 23,794
Accrued wages and benefits payable	841,384	93,600	-	129,103	1,064,087
Intergovernmental payable	53,348	1,356	-	1,720	56,424
Pension and postemployment benefits payable	128,385	28,972	-	7,977	165,334
Interfund loans payable	-	101,103	-	126,184	227,287
Total liabilities	<u>1,038,822</u>	<u>227,131</u>	<u>-</u>	<u>270,973</u>	<u>1,536,926</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	6,792,735	-	-	-	6,792,735
Delinquent property tax revenue not available	102,892	-	-	-	102,892
Intergovernmental revenue not available	891	212,373	-	80,497	293,761
Accrued interest not available	2,398	-	-	-	2,398
Miscellaneous revenue not available	26	-	-	-	26
Total deferred inflows of resources	<u>6,898,942</u>	<u>212,373</u>	<u>-</u>	<u>80,497</u>	<u>7,191,812</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	25,993	-	-	3,861	29,854
Prepays	23,422	-	-	498	23,920
Permanent fund	-	-	-	4,735	4,735
Unclaimed monies	3,705	-	-	-	3,705
Restricted:					
Food service operations	-	-	-	215,071	215,071
State funded programs	-	-	-	3,600	3,600
Federally funded programs	-	-	-	1	1
Extracurricular	-	-	-	120,457	120,457
Other purposes	-	-	-	4,117	4,117
Assigned:					
Student instruction	5,688	-	-	-	5,688
Student and staff support	258,519	-	-	-	258,519
Facilities acquisition and construction	8,944	-	-	-	8,944
Capital improvements	-	-	3,150,000	-	3,150,000
Unassigned (deficit)	<u>5,326,192</u>	<u>(212,373)</u>	<u>-</u>	<u>(113,761)</u>	<u>5,000,058</u>
Total fund balances (deficit)	<u>5,652,463</u>	<u>(212,373)</u>	<u>3,150,000</u>	<u>238,579</u>	<u>8,828,669</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,590,227</u>	<u>\$ 227,131</u>	<u>\$ 3,150,000</u>	<u>\$ 590,049</u>	<u>\$ 17,557,407</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total governmental fund balances		\$	8,828,669
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			5,740,331
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	102,892	
Accounts receivable		26	
Accrued interest receivable		2,398	
Intergovernmental receivable		293,761	
Total		399,077	399,077
Unamortized premiums on bonds issued are not recognized in the funds.			(6,317)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(1,020)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		2,570,495	
Deferred inflows - pension		(5,494,892)	
Net pension liability		(5,983,302)	
Deferred outflows - OPEB		265,089	
Deferred inflows - OPEB		(1,626,734)	
Net OPEB asset		760,920	
Net OPEB liability		(723,988)	
Total		(10,232,412)	(10,232,412)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Energy conservation bonds		(315,000)	
Compensated absences		(632,486)	
Total		(947,486)	(947,486)
Net position of governmental activities		\$	3,780,842

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Elementary and Secondary School Emergency Relief	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 6,493,306	\$ -	\$ -	\$ -	\$ 6,493,306
Intergovernmental	6,080,984	1,430,178	-	1,446,088	8,957,250
Investment earnings	5,713	-	-	141	5,854
Tuition and fees	14,976	-	-	-	14,976
Extracurricular	11,684	-	-	79,107	90,791
Charges for services	-	-	-	20,820	20,820
Miscellaneous	23,990	-	-	9,600	33,590
Total revenues	<u>12,630,653</u>	<u>1,430,178</u>	<u>-</u>	<u>1,555,756</u>	<u>15,616,587</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,766,894	777,776	-	126,105	4,670,775
Special	1,900,206	108,864	-	605,386	2,614,456
Vocational	2,388	-	-	-	2,388
Other	57,109	18,611	-	-	75,720
Support services:					
Pupil	350,151	240,587	-	17,399	608,137
Instructional staff	495,491	248,535	-	101,353	845,379
Board of education	64,906	-	-	-	64,906
Administration	974,377	94,480	-	-	1,068,857
Fiscal	546,211	-	-	-	546,211
Business	2,712	-	-	-	2,712
Operations and maintenance	945,368	36,730	-	2,400	984,498
Pupil transportation	473,764	2,400	-	-	476,164
Central	7,916	-	-	-	7,916
Operation of non-instructional services:					
Food service operations	-	-	-	489,247	489,247
Extracurricular activities	192,742	-	-	162,481	355,223
Facilities acquisition and construction	86,780	-	-	-	86,780
Debt service:					
Principal retirement	40,000	-	-	-	40,000
Interest and fiscal charges	12,885	-	-	-	12,885
Total expenditures	<u>9,919,900</u>	<u>1,527,983</u>	<u>-</u>	<u>1,504,371</u>	<u>12,952,254</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,710,753</u>	<u>(97,805)</u>	<u>-</u>	<u>51,385</u>	<u>2,664,333</u>
Other financing sources (uses):					
Transfers in	-	-	2,500,000	67,367	2,567,367
Transfers (out)	<u>(2,562,500)</u>	<u>-</u>	<u>-</u>	<u>(4,867)</u>	<u>(2,567,367)</u>
Total other financing sources (uses)	<u>(2,562,500)</u>	<u>-</u>	<u>2,500,000</u>	<u>62,500</u>	<u>-</u>
Net change in fund balances	148,253	(97,805)	2,500,000	113,885	2,664,333
Fund balances at beginning of year (deficit)	<u>5,504,210</u>	<u>(114,568)</u>	<u>650,000</u>	<u>124,694</u>	<u>6,164,336</u>
Fund balances at end of year (deficit)	<u>\$ 5,652,463</u>	<u>\$ (212,373)</u>	<u>\$ 3,150,000</u>	<u>\$ 238,579</u>	<u>\$ 8,828,669</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$	2,664,333
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 202,374	
Current year depreciation	<u>(237,273)</u>	
Total		(34,899)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(477,679)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(57,318)	
Earnings on investments	2,398	
Intergovernmental	115,326	
Other local revenue	<u>(14)</u>	
Total		60,392
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		40,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	108	
Amortization of bond premiums	<u>984</u>	
Total		1,092
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	870,758	
OPEB	<u>26,641</u>	
Total		897,399
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	583,110	
OPEB	<u>127,320</u>	
Total		710,430
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(29,972)</u>
Change in net position of governmental activities	\$	<u>3,831,096</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 6,165,526	\$ 6,040,746	\$ 6,507,365	\$ 466,619
Intergovernmental	6,111,647	5,997,690	5,942,988	(54,702)
Investment earnings	4,000	3,875	6,534	2,659
Tuition and fees	406,799	406,512	14,976	(391,536)
Miscellaneous	15,000	14,628	19,415	4,787
Total revenues	<u>12,702,972</u>	<u>12,463,451</u>	<u>12,491,278</u>	<u>27,827</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,518,182	7,608,454	3,817,020	3,791,434
Special	1,581,241	1,625,519	1,898,226	(272,707)
Other	-	1,332	57,110	(55,778)
Support services:				
Pupil	565,076	573,033	341,116	231,917
Instructional staff	498,877	510,655	504,929	5,726
Board of education	29,219	41,587	101,535	(59,948)
Administration	400,617	424,034	1,003,880	(579,846)
Fiscal	381,141	393,879	546,103	(152,224)
Business	295	362	2,862	(2,500)
Operations and maintenance	917,949	942,165	1,038,154	(95,989)
Pupil transportation	210,003	223,873	594,599	(370,726)
Central	85	354	11,517	(11,163)
Extracurricular activities	110,000	114,424	189,667	(75,243)
Facilities acquisition and construction	372,843	375,097	96,643	278,454
Debt service:				
Principal	40,000	40,000	40,000	-
Interest and fiscal charges	12,885	12,885	12,885	-
Total expenditures	<u>12,638,413</u>	<u>12,887,653</u>	<u>10,256,246</u>	<u>2,631,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>64,559</u>	<u>(424,202)</u>	<u>2,235,032</u>	<u>2,659,234</u>
Other financing sources (uses):				
Refund of prior year's expenditures	30,000	30,000	8,728	(21,272)
Transfers (out)	(152,500)	(152,500)	(2,562,500)	(2,410,000)
Advances in	259,203	259,203	259,203	-
Advances (out)	(25,000)	(25,000)	(227,287)	(202,287)
Total other financing sources (uses)	<u>111,703</u>	<u>111,703</u>	<u>(2,521,856)</u>	<u>(2,633,559)</u>
Net change in fund balance	176,262	(312,499)	(286,824)	25,675
Fund balance at beginning of year	5,742,657	5,742,657	5,742,657	-
Prior year encumbrances appropriated	275,460	275,460	275,460	-
Fund balance at end of year	<u>\$ 6,194,379</u>	<u>\$ 5,705,618</u>	<u>\$ 5,731,293</u>	<u>\$ 25,675</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 2,071,594	\$ 1,430,178	\$ 1,430,178	\$ -
Total revenue	<u>2,071,594</u>	<u>1,430,178</u>	<u>1,430,178</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,064,058	738,469	725,058	13,411
Special	128,771	86,779	93,512	(6,733)
Other	31,846	21,461	23,126	(1,665)
Support services:				
Pupil	292,252	196,949	212,231	(15,282)
Instructional staff	389,483	274,588	255,861	18,727
Administration	114,228	76,978	82,951	(5,973)
Operations and maintenance	44,231	29,807	32,120	(2,313)
Pupil transportation	3,290	2,217	2,389	(172)
Total expenditures	<u>2,068,159</u>	<u>1,427,248</u>	<u>1,427,248</u>	<u>-</u>
Excess of revenues over expenditures	<u>3,435</u>	<u>2,930</u>	<u>2,930</u>	<u>-</u>
Other financing sources (uses):				
Advances in	101,103	101,103	101,103	-
Advances (out)	<u>(206,802)</u>	<u>(206,802)</u>	<u>(206,802)</u>	<u>-</u>
Total other financing sources (uses)	<u>(105,699)</u>	<u>(105,699)</u>	<u>(105,699)</u>	<u>-</u>
Net change in fund balance	(102,264)	(102,769)	(102,769)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>102,769</u>	<u>102,769</u>	<u>102,769</u>	<u>-</u>
Fund balance at end of year	<u>\$ 505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Belpre City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District’s three instructional/support facilities staffed by 45 non-certified personnel, 69 certified full time teaching personnel and 12 administrators who provide services to 985 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the 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; or (3) 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 (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

The School District participates in three jointly governed organizations and one insurance purchasing pool and one public entity risk pool. These organizations are the Metropolitan Educational Technology Association (META) Solutions, the Ohio Coalition for Equity & Adequacy of School Funding, the Washington County Career Center, the Portage Area School Consortium, and Workers’ Compensation Group Rating Program.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

JOINTLY GOVERNED ORGANIZATIONS

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

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium. META Solutions develops, implements, and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2022, the District paid META Solutions \$110,587 for services. Financial information can be obtained from the Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the Coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues to \$0.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$0.50 per pupil for K-12 districts and educational service centers pay dues of \$0.05 per pupil. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2022, the District paid \$1,970 to the Coalition. To obtain financial information, write to the Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

Washington County Career Center

The Washington County Career Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Ohio Valley Educational Service Center's Board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Career Center, Joseph Crone, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

INSURANCE PURCHASING POOL

Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is 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 School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. The School District only participates in the 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 governmental risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

JOINTLY GOVERNED ORGANIZATIONS (Continued)

Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representatives of the member schools. The member school's governing body appoints representatives to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation. The Waterloo Local School District acts as the fiscal agent for the consortium. To obtain financial information, write to the Waterloo Local School District, Treasurer, at 1424 Industry Road, Atwater, Ohio 44201.

PUBLIC ENTITY RISK POOL

Workers' Compensation Group Rating Program

The School District participates in a Workers' Compensation Group Rating Program (GRP). The GRP is administered by Sedgwick. 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 School District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the School District's major governmental funds:

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

Elementary and Secondary School Emergency Relief fund (ESSER) – To provide emergency relief grants to school districts related to the COVID-19 pandemic.

Permanent Improvement fund – A fund provided to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement of equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no fiduciary funds.

C. Basis of Presentation

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

The statement of net position presents the financial condition of 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 are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues 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 business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

D. Measurement Focus

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

E. 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. The fund financial statements are prepared using the modified accrual basis of accounting for governmental funds.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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. "Measurable" means the amount of the transaction can be determined and "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 year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures 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 year-end: property taxes available as an advance, investment earnings, tuition, grants, and fees.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources 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 District, see Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively.

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

For the School District, see Note 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Process

All funds, other than 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 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. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level.

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 final amended certificate issued during fiscal year 2022.

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.

G. Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as components of restricted, committed or assigned fund balance, for subsequent year expenditures, for governmental funds. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis in the non-GAAP budgetary basis financial statements.

H. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for the investments of the permanent and special revenue funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2022, investments were limited to a nonnegotiable certificate of deposit, federal agency securities, U.S. Treasury Notes, U.S. Treasury Bills, commercial paper, and U.S. money market mutual fund. All investments are reported at fair value, except nonnegotiable certificates of deposits, which are reported at cost.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$5,713 which includes \$1,502 assigned from other District funds.

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

I. Inventory

On government-wide financial statements, purchased inventories are presented at lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method. At fiscal year end, because materials and supplies inventory are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

Inventory consists of expendable supplies held for consumption, donated food, and purchased food.

J. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The School District increased its capitalization threshold from \$1,000 to \$5,000 during the fiscal year. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities <u>Estimated Lives</u>
Land improvements	25 years
Buildings and improvements	30 - 150 years
Furniture and equipment	10 - 50 years
Vehicles	20 years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net position.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for certified employees with five years or more of service and for classified employees with eight years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

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

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

M. 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 in the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

N. Net Position

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

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

O. Unamortized Bond Premiums

Bond premiums are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

P. 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 the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as materials and supplies inventory and prepayments.

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

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

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

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

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

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Q. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Transfers between funds in the fund financial statements are eliminated in the statement of activities.

R. Estimates

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

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

U. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the School District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School District.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Major fund:</u>	<u>Deficit</u>
Elementary and Secondary School Emergency Relief (ESSER)	\$ 212,373
<u>Nonmajor funds:</u>	
Vocational Educational Enhancement	554
Student Wellness and Success Fund	1,639
IDEA, Part B	41,795
Title I, Disadvantaged Children	69,773

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

NOTE 4 - DEPOSITS AND INVESTMENTS

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the basic financial statements as "equity in pooled cash and cash equivalents" and "investments". Statutes require the classification of monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain 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.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the School District had \$120 in undeposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all School District deposits was \$6,687,104. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2022, \$6,462,190 of the School District's bank balance of \$6,717,691 was collateralized by the Ohio Pooled Collateral System, while \$255,501 was covered by the FDIC.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2022, the School District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
FHLM	\$ 99,590	\$ -	\$ -	\$ -	\$ 99,590	\$ -
FFCB	224,769	-	-	-	125,578	99,191
FHLB	393,306	-	293,932	-	-	99,374
U.S. Treasury Notes	597,203	-	149,584	149,338	98,816	199,465
U.S. Treasury Bills	492,910	198,322	294,588	-	-	-
Commercial Paper	1,184,345	596,912	587,433	-	-	-
US Money Market	<u>7,056</u>	<u>7,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,999,179</u>	<u>\$ 802,290</u>	<u>\$ 1,325,537</u>	<u>\$ 149,338</u>	<u>\$ 323,984</u>	<u>\$ 398,030</u>

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

Credit Risk: The School District's investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The School District's investments in federal agency securities (FHLM, FFCB, FHLB) are rated Aaa by Moody's and AA+ through AAA by Standard & Poor's. The U.S. Treasury Notes are rated Aaa and AA+ by Moody's and Standard & Poor's, respectively. The U.S. Treasury Bills are rated P-1 and A-1+ by Moody's and Standard & Poor's, respectively. The School District's investments in commercial paper are rated P-1 by Moody's and A-1+ through A-1 by Standard & Poor's. The School District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLM	\$ 99,590	3.32%
FFCB	224,769	7.49%
FHLB	393,306	13.11%
U.S. Treasury Notes	597,203	19.91%
U.S. Treasury Bills	492,910	16.43%
Commercial Paper	1,184,345	39.49%
US Money Market	<u>7,056</u>	<u>0.24%</u>
Total	<u>\$ 2,999,179</u>	<u>100.00%</u>

D. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2022:

<u>Cash per note</u>	
Carrying amount of deposits	\$ 6,687,104
Investments	2,999,179
Cash on hand	<u>120</u>
Total	<u>\$ 9,686,403</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 9,686,403</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2022, as reported on the fund statements consist of the following interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Elementary and Secondary School Emergency Relief Fund (ESSER)	\$ 101,103
General fund	Nonmajor governmental funds	<u>126,184</u>
Total		<u>\$ 227,287</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

B. Interfund transfers for the year ended June 30, 2022, consisted of the following, as reported on the fund financial statements:

<u>Transfers to Permanent Improvement fund from:</u>	<u>Amount</u>
General fund	\$ 2,500,000
<u>Transfers to nonmajor governmental funds from:</u>	
General fund	62,500
<u>Transfers to nonmajor governmental funds from:</u>	
Nonmajor governmental funds	<u>4,867</u>
Total	<u>\$ 2,567,367</u>

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

All transfers made in fiscal year 2022 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

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 property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Washington County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$258,253 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2021 was \$272,312 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 190,860,250	89.01	\$ 197,123,320	88.98
Public utility personal	<u>23,561,820</u>	<u>10.99</u>	<u>24,417,230</u>	<u>11.02</u>
Total	<u>\$ 214,422,070</u>	<u>100.00</u>	<u>\$ 221,540,550</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$41.60		\$41.12	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2022 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

Receivables have been disaggregated on the face of the basic financial statements. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$102,892 may not be collected within one year. All other receivables are expected to be collected within the subsequent year.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 7,153,880
Accounts	5,456
Accrued interest	2,398
Intergovernmental	<u>421,400</u>
Total	<u>\$ 7,583,134</u>

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance			Balance
	<u>06/30/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>06/30/22</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,232,814	\$ -	\$ (63,980)	\$ 1,168,834
Total capital assets, not being depreciated	<u>1,232,814</u>	<u>-</u>	<u>(63,980)</u>	<u>1,168,834</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	847,897	-	(32,457)	815,440
Buildings and improvements	6,883,407	33,900	(51,923)	6,865,384
Furniture and equipment	2,783,915	126,570	(1,801,522)	1,108,963
Vehicles	1,234,607	41,904	(25,715)	1,250,796
Infrastructure	150,649	-	-	150,649
Total capital assets, being depreciated	<u>11,900,475</u>	<u>202,374</u>	<u>(1,911,617)</u>	<u>10,191,232</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(570,763)	(14,569)	18,669	(566,663)
Buildings and improvements	(3,530,260)	(125,245)	19,318	(3,636,187)
Furniture and equipment	(2,165,885)	(31,447)	1,453,638	(743,694)
Vehicles	(604,684)	(50,014)	6,293	(648,405)
Infrastructure	<u>(8,788)</u>	<u>(15,998)</u>	<u>-</u>	<u>(24,786)</u>
Total accumulated depreciation	<u>(6,880,380)</u>	<u>(237,273)</u>	<u>1,497,918</u>	<u>(5,619,735)</u>
Governmental activities capital assets, net	<u>\$ 6,252,909</u>	<u>\$ (34,899)</u>	<u>\$ (477,679)</u>	<u>\$ 5,740,331</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 82,998
Special	9,816
<u>Support services:</u>	
Pupil	19,865
Instructional staff	7,742
Administration	12,722
Fiscal	5,024
Operations and maintenance	20,585
Pupil transportation	47,405
Extracurricular activities	21,826
Food service operations	<u>9,290</u>
Total depreciation expense	<u>\$ 237,273</u>

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - LONG-TERM OBLIGATIONS

During fiscal year 2022, the following changes occurred in the governmental activities long-term obligations:

	Balance Outstanding <u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2022</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Series 2013 energy conservation bonds - 3.658%	\$ 355,000	\$ -	\$ (40,000)	\$ 315,000	\$ 40,000
Compensated absences	602,514	82,097	(52,125)	632,486	53,091
Net pension liability	11,150,543	-	(5,167,241)	5,983,302	-
Net OPEB liability	<u>945,756</u>	<u>-</u>	<u>(221,768)</u>	<u>723,988</u>	<u>-</u>
Total governmental activities	13,053,813	<u>\$ 82,097</u>	<u>\$ (5,481,134)</u>	7,654,776	<u>\$ 93,091</u>
Add: unamortized premium	<u>7,301</u>			<u>6,317</u>	
Total on statement of net position	<u>\$ 13,061,114</u>			<u>\$ 7,661,093</u>	

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the general fund, the food service fund (a nonmajor special revenue fund), student wellness and success fund (a nonmajor special revenue fund), elementary and secondary school emergency relief (ESSER) fund, IDEA part B fund (a nonmajor special revenue fund), Title I fund (a nonmajor special revenue fund), supporting effective instruction fund (a nonmajor special revenue fund), and the miscellaneous federal grants fund (a nonmajor special revenue fund).

Net Pension Liability

The School District pays obligations related to employee compensation from the fund benefitting their service. See Note 12 to the notes to the basic financial statements for details.

Net OPEB Liability

The School District pays obligations related to employee compensation from the fund benefitting their service. See Note 13 to the notes to the basic financial statements for details.

Series 2013 Energy Conservation Bonds

On September 17, 2013, the School District issued an energy conservation bond to provide for energy improvements to various School District buildings. The primary source of repayment of this obligation is through energy savings as a result of the improvements. Payments are due semi-annually on December 1 and June 1, with the final maturity on December 1, 2028. Payments of principal and interest relating to this liability are recorded as expenditures in the general fund.

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ended	<u>Series 2013 Energy Conservation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 40,000	\$ 12,235	\$ 52,235
2024	40,000	10,935	50,935
2025	45,000	9,635	54,635
2026	45,000	7,790	52,790
2027	45,000	5,945	50,945
2028 - 2029	<u>100,000</u>	<u>6,150</u>	<u>106,150</u>
Total	<u>\$ 315,000</u>	<u>\$ 52,690</u>	<u>\$ 367,690</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of \$19,938,650 and an unvoted debt margin of \$221,541.

NOTE 10 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days must be used by employees in the fiscal year following the fiscal year in which the benefit was earned. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 62.5 days. The School District offers a retirement incentive to certified employees who elect to retire in their first year of eligibility under STRS. If elected, upon retirement, payment is made for one-half of accrued, but unused sick leave.

B. Insurance Benefits

The School District provides life insurance and accidental death dismemberment to most employees through Core Source, Inc. in the amount of \$25,000 for classified employees and \$25,000 for certified employees, \$60,000 for administrators, \$50,000 for the treasurer, and \$50,000 for the superintendent. Dental coverage is provided through Core Source, Inc. Premiums for this coverage are \$80.88 monthly for family and individual coverage. The School District also provides vision insurance to its employees through Vision Service Plan. The monthly premium for this coverage is \$15.98 for family and individual coverage.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

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 2022, the School District contracted with the The Hylant Group/Ohio School Plan for property insurance and boiler and machinery coverage. Our Treasurer was elected to serve on the Ohio School Plan Board of Directors this year (this is an unpaid position). Property damage is on a replacement cost basis for a blanket amount of \$41,973,593 on buildings and contents. The policies include a \$1,000 deductible. Professional and general liability has a \$3,000,000 single occurrence limit with \$5,000,000 aggregate and no deductible. Educators Legal liability has a \$3,000,000 single occurrence limit with \$5,000,000 annual aggregate and up to a \$2,500 deductible. Vehicles hold a \$1,000 deductible for both comprehensive and collision. Automobile liability has a \$3,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2022, the School District participated in the SchoolComp Group Retrospective Rating Program (Group Retro). The intent of the Group Retro is to reward participants that are able to keep their individual claim costs below a predetermined amount. The School District continues to pay their individual premium; however, the School District will have the opportunity to receive retrospective premium adjustments (refunds or assessments) at the end of the three evaluation periods. The group's retrospective premium will be calculated at 12, 24, and 36 months after the end of the policy year. At the end of each period, the Bureau of Workers Comp (BWC) will take a snap-shot of the incurred claims losses for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, all the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by the BWC. Sedgwick provides administrative, cost control and actuarial services to the Group Retro program.

C. Employee Medical Benefits

The School District is a member of the Portage Area School Consortium (the Consortium), an insurance purchasing pool (See Note 2.A), through which a cooperative Health Benefit Program was created for the benefit of its members. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the school district would be liable for any costs above the reserve.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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.

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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.

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**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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 was 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% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy – Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$201,390 for fiscal year 2022. Of this amount, \$15,513 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2.20% 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% 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, 2026, 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$669,368 for fiscal year 2022. Of this amount, \$112,708 is reported as pension and postemployment benefits payable.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2021, 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 projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.041941300%	0.034618550%	
Proportion of the net pension liability current measurement date	<u>0.037101100%</u>	<u>0.036089594%</u>	
Change in proportionate share	<u>-0.004840200%</u>	<u>0.001471044%</u>	
Proportionate share of the net pension liability	\$ 1,368,923	\$ 4,614,379	\$ 5,983,302
Pension expense	\$ (330,356)	\$ (252,754)	\$ (583,110)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 132	\$ 142,564	\$ 142,696
Changes of assumptions	28,826	1,280,112	1,308,938
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	248,103	248,103
Contributions subsequent to the measurement date	<u>201,390</u>	<u>669,368</u>	<u>870,758</u>
Total deferred outflows of resources	<u>\$ 230,348</u>	<u>\$ 2,340,147</u>	<u>\$ 2,570,495</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 35,502	\$ 28,923	\$ 64,425
Net difference between projected and actual earnings on pension plan investments	705,035	3,976,712	4,681,747
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>267,892</u>	<u>480,828</u>	<u>748,720</u>
Total deferred inflows of resources	<u>\$ 1,008,429</u>	<u>\$ 4,486,463</u>	<u>\$ 5,494,892</u>

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$870,758 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, 2023.

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (368,592)	\$ (787,846)	\$ (1,156,438)
2024	(226,845)	(638,185)	(865,030)
2025	(167,632)	(663,387)	(831,019)
2026	(216,402)	(726,266)	(942,668)
Total	\$ (979,471)	\$ (2,815,684)	\$ (3,795,155)

Actuarial Assumptions - SERS

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

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

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

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**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five-year period ended June 30, 2020.

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

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. 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 (7.00%). 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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$ 2,277,552	\$ 1,368,923	\$ 602,637

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**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 the rates described previously. 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 Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 8,641,005	\$ 4,614,379	\$ 1,211,889

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$26,641.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$26,641 for fiscal year 2022. There is no amount recorded as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.043516500%	0.034618550%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.038254000%</u>	<u>0.036089594%</u>	
Change in proportionate share	<u>-0.005262500%</u>	<u>0.001471044%</u>	
Proportionate share of the net OPEB liability	\$ 723,988	\$ -	\$ 723,988
Proportionate share of the net OPEB asset	\$ -	\$ (760,920)	\$ (760,920)
OPEB expense	\$ (54,396)	\$ (72,924)	\$ (127,320)

At June 30, 2022, 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	\$ 7,718	\$ 27,095	\$ 34,813
Changes of assumptions	113,576	48,604	162,180
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	40,714	741	41,455
Contributions subsequent to the measurement date	<u>26,641</u>	<u>-</u>	<u>26,641</u>
Total deferred outflows of resources	<u>\$ 188,649</u>	<u>\$ 76,440</u>	<u>\$ 265,089</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 360,579	\$ 139,415	\$ 499,994
Net difference between projected and actual earnings on OPEB plan investments	15,726	210,915	226,641
Changes of assumptions	99,143	453,947	553,090
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>297,929</u>	<u>49,080</u>	<u>347,009</u>
Total deferred inflows of resources	<u>\$ 773,377</u>	<u>\$ 853,357</u>	<u>\$ 1,626,734</u>

\$26,641 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/asset in the fiscal year ending June 30, 2023.

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:			
2023	\$ (126,934)	\$ (227,619)	\$ (354,553)
2024	(127,043)	(222,340)	(349,383)
2025	(136,107)	(207,737)	(343,844)
2026	(121,601)	(89,488)	(211,089)
2027	(68,526)	(30,547)	(99,073)
Thereafter	(31,158)	814	(30,344)
Total	\$ (611,369)	\$ (776,917)	\$ (1,388,286)

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.

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**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five-year period ended June 30, 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 2015 through 2020 and was adopted by the Board in 2021. 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, 7.00%, 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 897,109	\$ 723,988	\$ 585,687

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 557,412	\$ 723,988	\$ 946,484

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

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, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 642,098	\$ 760,920

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 856,155	\$ 760,920

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

The major differences between the budget basis and the GAAP basis are that:

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and the elementary and secondary school emergency relief fund are as follows:

Net Change in Fund Balance

	<u>General fund</u>	<u>ESSER</u>
Budget basis	\$ (286,824)	\$ (102,769)
Net adjustment for revenue accruals	127,631	-
Net adjustment for expenditure accruals	69,430	(115,493)
Net adjustment for other sources/uses	(40,644)	105,699
Funds budgeted elsewhere	6,285	-
Adjustment for encumbrances	<u>272,375</u>	<u>14,758</u>
GAAP basis	<u>\$ 148,253</u>	<u>\$ (97,805)</u>

Certain funds that are legally budgeted in separate special revenue and agency funds are considered part of the general fund on a GAAP basis. This includes the adult education fund, the public school support fund and the unclaimed monies fund.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District is a party to legal proceedings. However, the outcome of any legal action is unknown at this time and the School District is not able to estimate the financial impact, if any, on the financial condition of the School District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2022 are finalized. As a result, there was no significant impact of the FTE adjustments on the fiscal year 2021 financial statements

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	186,457
Current year offsets	<u>(2,500,000)</u>
Total	<u>\$ (2,313,543)</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

**BELPRE CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 17 - OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances (less amounts already included in payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Fiscal Year-End Encumbrances</u>
General fund	\$ 256,770
ESSER fund	12,658
Nonmajor governmental funds	<u>143,575</u>
Total	<u>\$ 413,003</u>

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.03710110%	0.04194130%	0.04755730%	0.05162290%
School District's proportionate share of the net pension liability	\$ 1,368,923	\$ 2,774,086	\$ 2,845,437	\$ 2,956,539
School District's covered payroll	\$ 1,133,700	\$ 1,602,307	\$ 1,306,622	\$ 1,990,230
School District's proportionate share of the net pension liability as a percentage of its covered payroll	120.75%	173.13%	217.77%	148.55%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.04717970%	0.04862030%	0.04855520%	0.04701700%	0.04701700%
\$ 2,818,883	\$ 3,558,557	\$ 2,770,607	\$ 2,379,504	\$ 2,795,950
\$ 1,469,350	\$ 1,578,950	\$ 1,461,768	\$ 1,366,219	\$ 1,301,785
191.85%	225.37%	189.54%	174.17%	214.78%
69.50%	62.98%	69.16%	71.70%	65.52%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.036089594%	0.03461855%	0.03767830%	0.03810941%
School District's proportionate share of the net pension liability	\$ 4,614,379	\$ 8,376,457	\$ 8,332,330	\$ 8,379,404
School District's covered payroll	\$ 4,570,621	\$ 4,159,464	\$ 4,378,579	\$ 4,360,500
School District's proportionate share of the net pension liability as a percentage of its covered payroll	100.96%	201.38%	190.30%	192.17%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.03929808%	0.04078260%	0.04013640%	0.03904683%	0.03904683%
\$ 9,335,343	\$ 13,651,166	\$ 11,092,527	\$ 9,497,540	\$ 11,313,408
\$ 4,291,671	\$ 4,332,429	\$ 4,187,564	\$ 3,989,508	\$ 4,254,392
217.52%	315.09%	264.89%	238.06%	265.92%
75.30%	66.80%	72.10%	74.70%	69.30%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 201,390	\$ 158,718	\$ 224,323	\$ 176,394
Contributions in relation to the contractually required contribution	<u>(201,390)</u>	<u>(158,718)</u>	<u>(224,323)</u>	<u>(176,394)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 1,438,500	\$ 1,133,700	\$ 1,602,307	\$ 1,306,622
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 268,681	\$ 205,709	\$ 221,053	\$ 192,661	\$ 189,358	\$ 180,167
<u>(268,681)</u>	<u>(205,709)</u>	<u>(221,053)</u>	<u>(192,661)</u>	<u>(189,358)</u>	<u>(180,167)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,990,230	\$ 1,469,350	\$ 1,578,950	\$ 1,461,768	\$ 1,366,219	\$ 1,301,785
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 669,368	\$ 639,887	\$ 582,325	\$ 613,001
Contributions in relation to the contractually required contribution	<u>(669,368)</u>	<u>(639,887)</u>	<u>(582,325)</u>	<u>(613,001)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 4,781,200	\$ 4,570,621	\$ 4,159,464	\$ 4,378,579
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 610,470	\$ 600,834	\$ 606,540	\$ 586,259	\$ 518,636	\$ 553,071
<u>(610,470)</u>	<u>(600,834)</u>	<u>(606,540)</u>	<u>(586,259)</u>	<u>(518,636)</u>	<u>(553,071)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,360,500	\$ 4,291,671	\$ 4,332,429	\$ 4,187,564	\$ 3,989,508	\$ 4,254,392
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability	0.03825400%	0.04351650%	0.04846870%	0.05192860%
School District's proportionate share of the net OPEB liability	\$ 723,988	\$ 945,756	\$ 1,218,886	\$ 1,440,640
School District's covered payroll	\$ 1,133,700	\$ 1,602,307	\$ 1,306,622	\$ 1,990,230
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.86%	59.02%	93.29%	72.39%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.04771170%	0.04936668%
\$ 1,280,457	\$ 1,407,133
\$ 1,469,350	\$ 1,578,950
87.14%	89.12%
12.46%	11.49%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability/asset	0.036089594%	0.03461855%	0.03767830%	0.03810941%
School District's proportionate share of the net OPEB liability/(asset)	\$ (760,920)	\$ (608,421)	\$ (624,043)	\$ (612,379)
School District's covered payroll	\$ 4,570,621	\$ 4,159,464	\$ 4,378,579	\$ 4,360,500
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.65%	14.63%	14.25%	14.04%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.03929808%	0.04078260%
\$ 1,533,266	\$ 2,181,064
\$ 4,291,671	\$ 4,332,429
35.73%	50.34%
47.10%	37.33%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 26,641	\$ 24,565	\$ 27,928	\$ 34,860
Contributions in relation to the contractually required contribution	<u>(26,641)</u>	<u>(24,565)</u>	<u>(27,928)</u>	<u>(34,860)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 1,438,500	\$ 1,133,700	\$ 1,602,307	\$ 1,306,622
Contributions as a percentage of covered payroll	1.85%	2.17%	1.74%	2.67%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 36,038	\$ 25,242	\$ 25,389	\$ 34,961	\$ 25,259	\$ 23,411
<u>(36,038)</u>	<u>(25,242)</u>	<u>(25,389)</u>	<u>(34,961)</u>	<u>(25,259)</u>	<u>(23,411)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,990,230	\$ 1,469,350	\$ 1,578,950	\$ 1,461,768	\$ 1,366,219	\$ 1,301,785
1.81%	1.72%	1.61%	2.39%	1.85%	1.80%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 4,781,200	\$ 4,570,621	\$ 4,159,464	\$ 4,378,579
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 40,236	\$ 42,544
-	-	-	-	(40,236)	(42,544)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,360,500	\$ 4,291,671	\$ 4,332,429	\$ 4,187,564	\$ 3,989,508	\$ 4,254,392
0.00%	0.00%	0.00%	0.00%	1.01%	1.00%

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION (CONTINUED)

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2021/2022	\$45,628
Cash Assistance:			
School Breakfast Program	10.553	2021/2022	157,018
COVID-19: National School Lunch Program	10.555	2021/2022	12,413
National School Lunch Program	10.555	2021/2022	288,863
<i>Total Child Nutrition Cluster</i>			<u>503,922</u>
Pandemic EBT Administrative Costs	10.649	2021/2022	<u>614</u>
Total U.S. Department of Agriculture			504,536
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	2021	46,697
	84.010A	2022	336,437
Title I Grants to Local Educational Agencies- Expanding Opportunities for Each Child	84.010A	2022	<u>12,843</u>
Total Title I Grants to Local Educational Agencies			395,977
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	2021	38,689
	84.027A	2022	<u>226,702</u>
Total Special Education - Grants to States			265,391
Special Education - Preschool Grants	84.173	2022	<u>8,678</u>
<i>Total Special Education Cluster</i>			274,069
Twenty-First Century Community Learning Centers	84.287A	2022	68,477
Rural Education	84.358B	2021	17,813
	84.358B	2022	<u>22,207</u>
Total Rural Education			40,020
Supporting Effective Instruction State Grant	84.367A	2022	69,618
COVID-19: Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	2021	505
	84.425D	2022	326,212
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	2022	<u>1,085,774</u>
Total COVID-19: Education Stabilization Fund			<u>1,412,491</u>
Total U.S. Department of Education			2,260,652
Total Expenditures of Federal Awards			<u>2,765,188</u>

The accompanying notes are an integral part of this Schedule.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b) (6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Belpre City School District (the School District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2022, the School District made allowable transfers of \$31,899 from the Student Support and Academic Enrichment (AL# 84.424) program to the Supporting Effective Instruction State Grants (AL# 84.367) program. The amount transferred to the Supporting Effective Instruction State Grants program is included as Supporting Effective Instruction State Grants expenditures when disbursed.

OHIO AUDITOR OF STATE KEITH FABER



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

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

Belpre City School District
Washington County
2014 Rockland Avenue
Belpre, Ohio 45714

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Belpre City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 6, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

Belpre City School District
Washington County
2014 Rockland Avenue
Belpre, Ohio 45714

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Belpre City School District's, Washington County, Ohio (School District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Belpre City School District's major federal program for the year ended June 30, 2022. Belpre City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Belpre City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The School District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2023

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**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Education Stabilization Fund, AL # 84.425 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

Finding Number 2022-001

Significant Deficiency- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**BELPRE CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)**

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

Finding Number 2022-001(Continued)

Significant Deficiency- Financial Reporting (Continued)

The School District used estimated resources from the Amended Certificate of Estimated Resources for the amount presented as the Original and Final Budgeted Revenues in the Statement of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual for the Elementary and Secondary School Emergency Relief Fund resulting in the total revenues being overstated by \$206,802.

This adjustment, with which the School District agrees, has been posted to the accompanying basic financial statements. The School District's management should review underlying lead sheets and supporting files for accuracy to help ensure the financial statements are complete and accurate.

Officials Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Belpre City School District

2014 Rockland Avenue, Belpre, OH 45714

(740) 423-9511 FAX (740) 423-3050

Jeffrey Greenley - Superintendent

Lance Erlwein - Treasurer

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2022

Finding Number:

2022-001

Planned Corrective Action:

We provided the correct financial data to our GAAP auditing firm; however, they made an error in their accounting conversion that we are ultimately responsible for. Beginning immediately, we will have this firm send us a draft financial statement prior to filing, and we will review the financial information from our source data with them on each fund before we finalize the GAAP audit. Specifically, we will ensure that the Total Original Estimated Revenue plus the Original Budgeted Other Financial Sources agrees with the Original Estimated Revenue I file with the County Auditor. We also commit to more closely examining our Final Estimated Revenue and Final Budgeted Other Financial Source to make sure that they agree to the Final Estimated Revenue we will file with the County Auditor.

Anticipated Completion Date:

03/06/2023

Responsible Contact Person:

Lance A. Erlwein, CFO/Treasurer

OHIO AUDITOR OF STATE KEITH FABER



BELPRE CITY SCHOOL DISTRICT

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/23/2023

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