

BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the Beaver Local School District, Columbiana County, prepared by Rea & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 18, 2024

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Columbiana County, Ohio
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Columbiana County, Ohio**

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Independent Auditor's Report

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

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 Beaver Local School District, Columbiana County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Beaver Local School District, Columbiana County, Ohio, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General fund and Elementary and Secondary School Emergency Relief 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 (*Government Auditing Standards*). 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 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.

Emphasis of Matter

As described in Note 3 to the financial statements, the District restated beginning net position to account for the implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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 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 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 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 pension and other post-employment benefit schedules, as listed in the table

of contents, 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 GAAS, 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 District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations 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 GAAS. 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 January 30, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
January 30, 2024

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**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The management's discussion and analysis of the Beaver Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- The District's net position of governmental activities increased \$1,684,813 which represents a 9.19% increase from 2022's restated net position.
- General revenues accounted for \$19,267,621 in revenue or 77.76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,509,423 or 22.24% of total revenues of \$24,777,044.
- The District had \$23,092,231 in expenses related to governmental activities; only \$5,509,423 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 \$19,267,621 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the elementary and secondary school emergency relief (ESSER) fund, and the permanent improvement fund. The general fund had \$19,474,576 in revenues and \$18,266,020 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased \$1,208,556 from a balance of \$1,917,886 to a balance of \$3,126,442.
- The ESSER fund had \$868,015 in revenues and \$1,752,000 in expenditures. During fiscal year 2023, the ESSER fund's balance decreased \$883,985 from a deficit fund balance of \$548,938 to a deficit fund balance of \$1,432,923.
- The permanent improvement fund had \$2,110,950 in revenues and other financing sources and \$14,262 in expenditures. During fiscal year 2023, the permanent improvement fund's fund balance increased \$2,096,688 from \$2,211,058 to \$4,307,746.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District as a Whole

Amounts for fiscal year 2022 have been restated due to the implementation of GASB Statement No. 96 as discussed in Note 3.A. The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2023 and June 30, 2022.

	Net Position - Governmental Activities	
	2023	Restated 2022
<u>Assets</u>		
Current and other assets	\$ 22,239,218	\$ 18,405,822
Capital assets, net	45,571,396	47,120,185
Total assets	67,810,614	65,526,007
<u>Deferred outflows of resources</u>		
Pension	4,229,540	4,309,460
OPEB	364,621	451,050
Total deferred outflows	4,594,161	4,760,510
<u>Liabilities</u>		
Current liabilities	2,619,866	2,440,598
Long-term liabilities:		
Due within one year	239,719	238,999
Due in more than one year:		
Net pension liability	17,405,068	10,728,826
Net OPEB liability	809,187	1,157,827
Other amounts	18,620,326	18,925,565
Total liabilities	39,694,166	33,491,815
<u>Deferred inflows of resources</u>		
Property taxes	8,052,403	7,066,115
Deferred charges on refunding	1,015	1,073
Pensions	2,125,509	8,946,425
OPEB	2,515,614	2,449,834
Total deferred inflows	12,694,541	18,463,447
<u>Net position</u>		
Net investment in capital assets	28,602,886	29,886,336
Restricted	4,507,692	3,595,013
Unrestricted (deficit)	(13,094,510)	(15,150,094)
Total net position	\$ 20,016,068	\$ 18,331,255

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's assets and deferred outflows of resources exceeded the District's liabilities and deferred inflows of resources by \$20,016,068.

Total assets include a net OPEB asset reported by STRS.

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

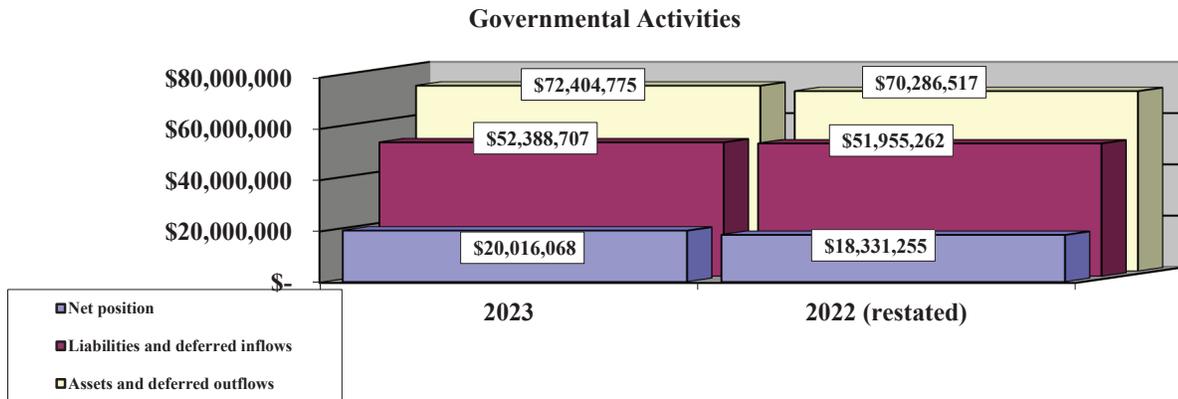
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

At year-end, capital assets represented 67.20% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, intangible right to use - equipment, and vehicles. The District's net investment in capital assets at June 30, 2023 was \$28,602,886. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities increased primarily due to an increase in the net pension liability. The net pension liability increased \$6,676,242 and deferred inflows of resources related to pension decreased \$6,820,916. 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 2022 measurement that are used for the fiscal year 2023 reporting which cause a large increase in fiduciary net position.

A portion of the District's net position, \$4,507,692, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$13,094,510.

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2023 and 2022. Amounts for fiscal year 2022 have been restated due to the implementation of GASB Statement No. 96 as discussed in Note 3.A.



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**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The table below shows the change in net position for fiscal years 2023 and 2022. Amounts for fiscal year 2022 have been restated due to the implementation of GASB Statement No. 96 as discussed in Note 3.A.

	Change in Net Position - Governmental Activities	
	2023	2022
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,037,193	\$ 974,155
Operating grants and contributions	4,467,230	4,529,187
Capital grants and contributions	5,000	6,591
General revenues:		
Property taxes	8,843,092	8,426,733
Grants and entitlements	10,402,429	10,738,689
Investment earnings	9,828	(3,146)
Miscellaneous	12,272	24,853
Total revenues	<u>24,777,044</u>	<u>24,697,062</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	9,710,467	9,193,948
Special	3,220,436	2,564,427
Vocational	29,662	18,246
Other	51	51
Support services:		
Pupil	1,081,455	989,807
Instructional staff	565,133	618,105
Board of education	130,527	121,012
Administration	1,433,826	1,180,633
Fiscal	509,861	506,789
Operations and maintenance	2,546,047	2,226,457
Pupil transportation	1,342,070	1,289,489
Central	-	1,376
Operation of non-instructional services:		
Food service operations	1,017,206	966,866
Extracurricular activities	996,688	887,660
Interest and fiscal charges	508,802	685,632
Total expenses	<u>23,092,231</u>	<u>21,250,498</u>
Change in net position	1,684,813	3,446,564
Net position at beginning of year (restated)	<u>18,331,255</u>	<u>14,884,691</u>
Net position at end of year	<u>\$ 20,016,068</u>	<u>\$ 18,331,255</u>

Governmental Activities

Net position of the District's governmental activities increased \$1,684,813. Total governmental expenses of \$23,092,231 were offset by program revenues of \$5,509,423 and general revenues of \$19,267,621. Program revenues supported 23.86% of the total governmental expenses.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

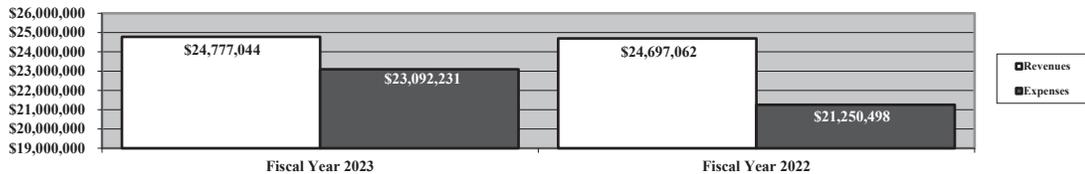
Overall, expenses of the governmental activities increased \$1,841,733 or 8.67% during fiscal year 2023. This increase is primarily the result of a \$1,813,077 increase in pension expense. This increase was the result of a increase in expenses incurred at the pension system level for STRS and SERS due to an decrease in net investment income on investments compared to previous years.

Revenues of the governmental activities increased \$79,982.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 77.67% of total governmental revenue.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2023 and 2022.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses				
Instruction:				
Regular	\$ 9,710,467	\$ 8,288,882	\$ 9,193,948	\$ 7,580,899
Special	3,220,436	1,236,286	2,564,427	823,353
Vocational	29,662	29,662	18,246	18,246
Other	51	51	51	51
Support services:				
Pupil	1,081,455	290,716	989,807	473,956
Instructional staff	565,133	549,559	618,105	613,134
Board of education	130,527	130,527	121,012	121,012
Administration	1,433,826	1,424,108	1,180,633	1,160,518
Fiscal	509,861	509,861	506,789	506,789
Operation and maintenance	2,546,047	2,521,951	2,226,457	2,211,493
Pupil transportation	1,342,070	1,251,712	1,289,489	1,199,489
Central	-	-	1,376	1,376
Operation of non-instructional services:				
Food service operations	1,017,206	219,165	966,866	(205,645)
Extracurricular activities	996,688	621,526	887,660	550,262
Interest and fiscal charges	508,802	508,802	685,632	685,632
Total expenses	\$ 23,092,231	\$ 17,582,808	\$ 21,250,498	\$ 15,740,565

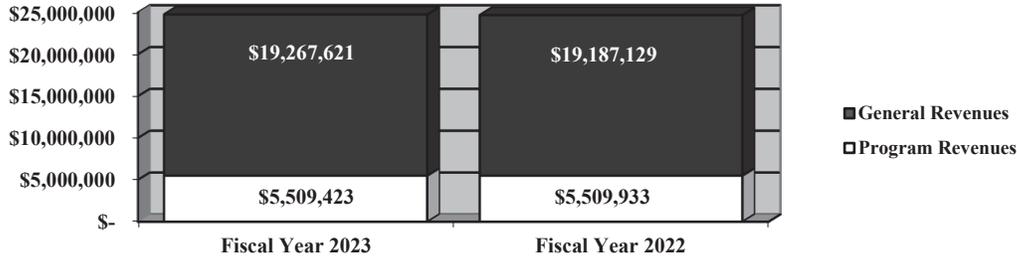
**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The dependence upon tax and other general revenues for governmental activities is apparent; 73.72% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.14%. The District’s taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District’s students.

The graph below presents the District’s governmental activities revenue for fiscal years 2023 and 2022.

Governmental Activities - General and Program Revenues



The District’s Funds

The District’s governmental funds reported a combined fund balance of \$7,483,399, which is greater than last year’s total of \$5,909,492. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance (deficit) <u>June 30, 2023</u>	Fund Balance (deficit) <u>June 30, 2022</u>	<u>Change</u>
General	\$ 3,126,442	\$ 1,917,886	\$ 1,208,556
ESSER	(1,432,923)	(548,938)	(883,985)
Permanent improvement	4,307,746	2,211,058	2,096,688
Nonmajor governmental	<u>1,482,134</u>	<u>2,329,486</u>	<u>(847,352)</u>
Total	<u>\$ 7,483,399</u>	<u>\$ 5,909,492</u>	<u>\$ 1,573,907</u>

General Fund

The District’s general fund balance increased \$1,208,556. Tuition and fees decreased and intergovernmental revenues decreased due to changes in the State foundation funding model. Earnings on investments increased due an increase in the fair value of the District’s investments.

In total, expenditures of the general fund increased \$264,264. The majority of this increase was in instruction expenditures. This is due to the change in the State foundation funding model. Previously, payments for students that opted to attend a different school district/community school flowed through the District’s financial activity, but now those payments go directly to the educating entity.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 7,596,046	\$ 7,124,162	\$ 471,884	6.62 %
Tuition and fees	427,643	596,129	(168,486)	(28.26) %
Earnings on investments	6,877	(8,274)	15,151	(183.12) %
Intergovernmental	11,328,247	11,594,149	(265,902)	(2.29) %
Other revenues	<u>115,763</u>	<u>133,684</u>	<u>(17,921)</u>	<u>(13.41) %</u>
Total	<u>\$ 19,474,576</u>	<u>\$ 19,439,850</u>	<u>\$ 34,726</u>	<u>0.18 %</u>
<u>Expenditures</u>				
Instruction	\$ 10,324,738	\$ 10,113,600	\$ 211,138	2.09 %
Support services	6,644,256	6,347,939	296,317	4.67 %
Extracurricular activities	585,334	603,370	(18,036)	(2.99) %
Facilities acq. and const.	30,147	76,213	(46,066)	(60.44) %
Debt service	<u>181,545</u>	<u>360,634</u>	<u>(179,089)</u>	<u>(49.66) %</u>
Total	<u>\$ 17,766,020</u>	<u>\$ 17,501,756</u>	<u>\$ 264,264</u>	<u>1.51 %</u>

Permanent Improvement Fund

The permanent improvement fund had \$2,110,950 in revenues and other financing sources and \$14,262 in expenditures. During fiscal year 2023, the permanent improvement fund's fund balance increased \$2,096,688 from a fund balance of \$2,211,058 to a fund balance of \$4,307,746. The reason for this increase in fund balance is due to transfers in of \$1,999,950, which will be used to finance improvements and other capital acquisitions.

ESSER Fund

The ESSER fund had \$868,015 in revenues and \$1,752,000 in expenditures. During fiscal year 2023, the ESSER fund's fund balance decreased \$883,985 from a deficit fund balance of \$548,938 to a deficit fund balance of \$1,432,923.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources of \$18,107,375 were increased to \$18,171,316 in the final budget. Actual revenues and other financing sources for fiscal year 2023 were \$19,525,014, which was \$1,353,698 greater than the final budgeted revenues and other financing sources.

General fund original budgeted expenditures and other financing uses of \$20,529,176 were decreased to \$18,258,427 in the final budget. The actual budget basis expenditures and for fiscal year 2023 were \$18,260,958, which was \$2,531 greater than the final budgeted expenditures and other financing uses.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had \$45,571,396 invested in land, construction in progress, buildings and improvements, furniture and equipment, and intangible right to use assets and vehicles. This entire amount is reported in the governmental activities. The following table shows fiscal year 2023 balances compared to 2022. Amounts for fiscal year 2022 have been restated due to the implementation of GASB Statement No. 96 as discussed in Note 3.A.

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

	Governmental Activities	
	Restated	
	2023	2022
Land	\$ 330,345	\$ 330,345
Construction in progress	232,695	232,695
Building and improvements	43,041,710	44,533,327
Furniture and equipment	734,959	803,883
Intangible right to use - equipment	21,535	32,303
Intangible right to use - software	21,045	43,006
Vehicles	1,189,107	1,144,626
Total	\$ 45,571,396	\$ 47,120,185

The overall decrease in capital assets of \$1,548,789 is due to depreciation/amortization expense of \$1,791,289 being greater than capital asset additions of \$242,500. See Note 8 to the basic financial statements for additional information regarding the District's capital assets.

Debt Administration

At June 30, 2023, the District had \$15,992,612 in general obligation bonds, financed purchase agreements and leases payable outstanding. Of this total, \$149,224 is due within one year and \$15,843,388 is due in more than one year. The following table summarizes outstanding debt obligations at June 30, 2023 and June 30, 2022.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2023	2022
General obligation bonds	\$ 14,910,000	\$ 14,910,000
Financed purchase agreements	1,056,723	1,190,830
Leases payable	25,889	36,495
Total	\$ 15,992,612	\$ 16,137,325

See Note 9 to the basic financial statements for further detail on the District's debt administration.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Current Financial Related Activities

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

The first challenge is that although the District will have the resources necessary to meet operating expenses in fiscal year 2024, the District must maintain tight controls over spending to live within the means provided by the voters and the State of Ohio.

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

The last major challenge is state funding. The District will receive the same funding for FY23 as in the past and will be a “guarantee” district meaning that its revenue will be the same as FY15. Being that 59.1% of the funding for the District is from state dollars this level of funding is very important to the overall operations for the education of the students.

However, if the price of services and benefits continue to increase at an astronomical rate, this level of funding is not favorable.

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

Contacting the District’s Financial Management

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 8,039,765
Receivables:	
Property taxes	8,918,090
Donations	550,000
Accounts	38,223
Accrued interest	15,046
Intergovernmental	1,881,117
Net OPEB asset	1,671,977
Restricted assets:	
Cash with escrow agent	1,125,000
Capital assets:	
Nondepreciable capital assets	563,040
Depreciable capital assets, net	45,008,356
Capital assets, net	45,571,396
Total assets	67,810,614
 Deferred outflows of resources:	
Pension	4,229,540
OPEB	364,621
Total deferred outflows of resources	4,594,161
 Liabilities:	
Accounts payable	132,088
Accrued wages and benefits payable	1,979,814
Intergovernmental payable	141,356
Pension and postemployment benefits payable	286,932
Accrued interest payable	79,676
Long-term liabilities:	
Due within one year	239,719
Due in more than one year:	
Net pension liability	17,405,068
Net OPEB liability	809,187
Other amounts due in more than one year	18,620,326
Total liabilities	39,694,166
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	8,052,403
Unamortized deferred charges on debt refunding	1,015
Pension	2,125,509
OPEB	2,515,614
Total deferred inflows of resources	12,694,541
 Net position:	
Net investment in capital assets	28,602,886
Restricted for:	
Capital projects	2,529,649
OPEB plan	325,343
Classroom facilities maintenance	429,057
Debt service	774,156
State funded programs	57,454
Food service operations	249,592
Extracurricular	134,792
Other purposes	7,649
Unrestricted (deficit)	(13,094,510)
Total net position	\$ 20,016,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 9,710,467	\$ 132,649	\$ 1,288,936	\$ -	\$ (8,288,882)
Special	3,220,436	294,994	1,689,156	-	(1,236,286)
Vocational	29,662	-	-	-	(29,662)
Other	51	-	-	-	(51)
Support services:					
Pupil	1,081,455	-	790,739	-	(290,716)
Instructional staff	565,133	-	15,574	-	(549,559)
Board of education	130,527	-	-	-	(130,527)
Administration	1,433,826	-	9,718	-	(1,424,108)
Fiscal	509,861	-	-	-	(509,861)
Operations and maintenance	2,546,047	-	24,096	-	(2,521,951)
Pupil transportation	1,342,070	-	90,358	-	(1,251,712)
Operation of non-instructional services:					
Food service operations	1,017,206	239,388	558,653	-	(219,165)
Extracurricular activities	996,688	370,162	-	5,000	(621,526)
Interest and fiscal charges	508,802	-	-	-	(508,802)
Totals	\$ 23,092,231	\$ 1,037,193	\$ 4,467,230	\$ 5,000	(17,582,808)

General revenues:

Property taxes levied for:

General purposes	7,591,986
Debt service	1,123,905
Classroom facilities maintenance	127,201
Grants and entitlements not restricted to specific programs	10,402,429
Investment earnings	9,828
Miscellaneous	12,272
Total general revenues	19,267,621

Change in net position 1,684,813

Net position at beginning of year (restated) 18,331,255

Net position at end of year \$ 20,016,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>General</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 3,206,342	\$ -	\$ 3,177,746	\$ 1,655,677	\$ 8,039,765
Receivables:					
Property taxes	7,848,969	-	-	1,069,121	8,918,090
Donations	-	-	550,000	-	550,000
Accounts	24,984	-	5,000	8,239	38,223
Accrued interest	15,046	-	-	-	15,046
Interfund loans	390,119	-	-	-	390,119
Intergovernmental	32,359	1,432,923	-	415,835	1,881,117
Due from other funds	1,258,127	-	-	-	1,258,127
Restricted assets:					
Cash with escrow agent	-	-	1,125,000	-	1,125,000
Total assets	<u>\$ 12,775,946</u>	<u>\$ 1,432,923</u>	<u>\$ 4,857,746</u>	<u>\$ 3,148,872</u>	<u>\$ 22,215,487</u>
Liabilities:					
Accounts payable	\$ 113,591	\$ -	\$ -	\$ 18,497	\$ 132,088
Accrued wages and benefits payable	1,731,966	161,885	-	85,963	1,979,814
Compensated absences payable	58,034	-	-	-	58,034
Intergovernmental payable	120,214	2,011	-	19,131	141,356
Pension and postemployment benefits payable	258,571	10,900	-	17,461	286,932
Interfund loans payable	-	-	-	390,119	390,119
Due to other funds	-	1,258,127	-	-	1,258,127
Total liabilities	<u>2,282,376</u>	<u>1,432,923</u>	<u>-</u>	<u>531,171</u>	<u>4,246,470</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	7,102,353	-	-	950,050	8,052,403
Delinquent property tax revenue not available	230,316	-	-	36,690	267,006
Intergovernmental revenue not available	26,380	1,432,923	-	148,827	1,608,130
Accrued interest not available	8,079	-	-	-	8,079
Miscellaneous revenue not available	-	-	550,000	-	550,000
Total deferred inflows of resources	<u>7,367,128</u>	<u>1,432,923</u>	<u>550,000</u>	<u>1,135,567</u>	<u>10,485,618</u>
Fund balances:					
Restricted:					
Debt service	-	-	-	790,813	790,813
Capital improvements	-	-	3,104,649	-	3,104,649
Classroom facilities maintenance	-	-	-	425,410	425,410
Food service operations	-	-	-	256,478	256,478
State funded programs	-	-	-	57,454	57,454
Extracurricular	-	-	-	134,792	134,792
Other purposes	-	-	-	7,649	7,649
Committed:					
Capital improvements	-	-	1,203,097	-	1,203,097
Assigned:					
Student instruction	8,312	-	-	-	8,312
Student and staff support	25,026	-	-	-	25,026
Extracurricular activities	6,704	-	-	-	6,704
Other purposes	4,907	-	-	-	4,907
Unassigned (deficit)	<u>3,081,493</u>	<u>(1,432,923)</u>	<u>-</u>	<u>(190,462)</u>	<u>1,458,108</u>
Total fund balances	<u>3,126,442</u>	<u>(1,432,923)</u>	<u>4,307,746</u>	<u>1,482,134</u>	<u>7,483,399</u>
Total liabilities, deferred inflows and fund balar	<u>\$ 12,775,946</u>	<u>\$ 1,432,923</u>	<u>\$ 4,857,746</u>	<u>\$ 3,148,872</u>	<u>\$ 22,215,487</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		\$	7,483,399
<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.			45,571,396
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	267,006	
Donations receivable		550,000	
Accrued interest receivable		8,079	
Intergovernmental receivable		1,608,130	
Total		2,433,215	2,433,215
Unamortized premiums on bonds issued are not recognized in the funds.			(2,099,883)
Unamortized amounts on refundings are not recognized in the funds.			(1,015)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(79,676)
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		4,229,540	
Deferred inflows - pension		(2,125,509)	
Net pension liability		(17,405,068)	
Deferred outflows - OPEB		364,621	
Deferred inflows - OPEB		(2,515,614)	
Net OPEB asset		1,671,977	
Net OPEB liability		(809,187)	
Total		(16,589,240)	(16,589,240)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(14,910,000)	
Lease payable		(25,889)	
Compensated absences		(709,516)	
Financed purchase obligation		(1,056,723)	
Total		(16,702,128)	(16,702,128)
Net position of governmental activities		\$	20,016,068

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Elementary and Secondary School Emergency Relief</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 7,596,046	\$ -	\$ -	\$ 1,259,432	\$ 8,855,478
Intergovernmental	11,328,247	868,015	-	1,743,748	13,940,010
Investment earnings	6,877	-	-	11	6,888
Tuition and fees	427,643	-	-	-	427,643
Extracurricular	109,491	-	-	260,671	370,162
Charges for services	-	-	-	239,388	239,388
Contributions and donations	-	-	105,000	-	105,000
Miscellaneous	6,272	-	6,000	-	12,272
Total revenues	<u>19,474,576</u>	<u>868,015</u>	<u>111,000</u>	<u>3,503,250</u>	<u>23,956,841</u>
Expenditures:					
Current:					
Instruction:					
Regular	7,896,049	1,196,811	-	63,697	9,156,557
Special	2,410,292	179,517	-	649,342	3,239,151
Vocational	18,346	-	-	-	18,346
Other	51	-	-	-	51
Support services:					
Pupil	684,534	360,098	-	99,262	1,143,894
Instructional staff	523,365	15,574	-	-	538,939
Board of education	130,527	-	-	-	130,527
Administration	1,400,535	-	-	10,796	1,411,331
Fiscal	486,458	-	-	30,510	516,968
Operations and maintenance	1,927,295	-	-	182,339	2,109,634
Pupil transportation	1,491,542	-	-	45,000	1,536,542
Operation of non-instructional services:					
Food service operations	-	-	-	880,886	880,886
Extracurricular activities	585,334	-	-	292,420	877,754
Facilities acquisition and construction	30,147	-	14,262	-	44,409
Debt service:					
Principal retirement	144,713	-	-	-	144,713
Interest and fiscal charges	36,832	-	-	596,400	633,232
Total expenditures	<u>17,766,020</u>	<u>1,752,000</u>	<u>14,262</u>	<u>2,850,652</u>	<u>22,382,934</u>
Excess of revenues over (under) expenditures	<u>1,708,556</u>	<u>(883,985)</u>	<u>96,738</u>	<u>652,598</u>	<u>1,573,907</u>
Other financing sources (uses):					
Transfers in	-	-	1,999,950	-	1,999,950
Transfers (out)	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(1,499,950)</u>	<u>(1,999,950)</u>
Total other financing sources (uses)	<u>(500,000)</u>	<u>-</u>	<u>1,999,950</u>	<u>(1,499,950)</u>	<u>-</u>
Net change in fund balances	1,208,556	(883,985)	2,096,688	(847,352)	1,573,907
Fund balances (deficit) at beginning of year	<u>1,917,886</u>	<u>(548,938)</u>	<u>2,211,058</u>	<u>2,329,486</u>	<u>5,909,492</u>
Fund balances (deficit) at end of year	<u>\$ 3,126,442</u>	<u>\$ (1,432,923)</u>	<u>\$ 4,307,746</u>	<u>\$ 1,482,134</u>	<u>\$ 7,483,399</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	1,573,907
<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/amortization expense.		
Capital asset additions	\$ 242,500	
Current year depreciation/amortization	(1,791,289)	
Total		(1,548,789)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(12,386)	
Earnings on investments	2,951	
Donations	(100,000)	
Intergovernmental	935,032	
Total		825,597
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		144,713
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:		
(Increase) in accrued interest payable	3,804	
Amortization of bond premiums	120,568	
Amortization of deferred charges	58	
Total		124,430
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,572,566	
OPEB	38,263	
Total		1,610,829
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,507,812)	
OPEB	423,696	
Total		(1,084,116)
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.		
		38,242
Change in net position of governmental activities	\$	1,684,813

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 6,271,859	\$ 7,034,136	\$ 7,563,327	\$ 529,191
Intergovernmental	9,470,776	10,563,422	11,358,128	794,706
Investment earnings	27,131	64,014	64,019	5
Tuition and fees	2,168,818	394,618	424,306	29,688
Miscellaneous	12,552	1,433	1,541	108
Total revenues	<u>17,951,136</u>	<u>18,057,623</u>	<u>19,411,321</u>	<u>1,353,698</u>
Expenditures:				
Current:				
Instruction:				
Regular	10,469,593	7,747,694	7,747,694	-
Special	1,849,230	2,317,916	2,317,916	-
Vocational	37,910	18,753	18,753	-
Other	11,734	51	51	-
Support services:				
Pupil	766,008	723,768	723,768	-
Instructional staff	658,059	525,833	525,833	-
Board of education	174,796	128,777	128,777	-
Administration	1,271,130	1,384,668	1,384,668	-
Fiscal	488,064	495,987	495,987	-
Operations and maintenance	1,757,252	1,919,385	1,921,916	(2,531)
Pupil transportation	1,744,625	1,493,310	1,493,310	-
Central	71,130	-	-	-
Extracurricular activities	381,850	475,245	475,245	-
Facilities acquisition and construction	500,310	178,555	178,555	-
Total expenditures	<u>20,181,691</u>	<u>17,409,942</u>	<u>17,412,473</u>	<u>(2,531)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,230,555)</u>	<u>647,681</u>	<u>1,998,848</u>	<u>1,351,167</u>
Other financing sources (uses):				
Refund of prior year's expenditures	156,239	-	-	-
Transfers (out)	(312,251)	(500,000)	(500,000)	-
Advances in	-	113,693	113,693	-
Advances (out)	(35,234)	(348,485)	(348,485)	-
Total other financing sources (uses)	<u>(191,246)</u>	<u>(734,792)</u>	<u>(734,792)</u>	<u>-</u>
Net change in fund balance	(2,421,801)	(87,111)	1,264,056	1,351,167
Fund balance at beginning of year	3,176,726	3,176,726	3,176,726	-
Prior year encumbrances appropriated	53,471	53,471	53,471	-
Fund balance at end of year	<u>\$ 808,396</u>	<u>\$ 3,143,086</u>	<u>\$ 4,494,253</u>	<u>\$ 1,351,167</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 4,251,036	\$ 1,900,000	\$ 868,015	(1,031,985)
Total revenue	<u>4,251,036</u>	<u>1,900,000</u>	<u>868,015</u>	<u>(1,031,985)</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,805,239	1,197,258	1,197,257	1
Special	-	165,826	165,826	-
Support services:				
Pupil	-	327,601	327,601	-
Instructional staff	336,608	15,574	15,574	-
Operations and maintenance	55,773	-	-	-
Pupil transportation	91,800	-	-	-
Total expenditures	<u>4,289,420</u>	<u>1,706,259</u>	<u>1,706,258</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,384)</u>	<u>193,741</u>	<u>(838,243)</u>	<u>(1,031,984)</u>
Net change in fund balance	(38,384)	193,741	(838,243)	(1,031,984)
Fund balance (deficit) at beginning of year	(458,268)	(458,268)	(458,268)	-
Prior year encumbrances appropriated	38,384	38,384	38,384	-
Fund balance (deficit) at end of year	<u>\$ (458,268)</u>	<u>\$ (226,143)</u>	<u>\$ (1,258,127)</u>	<u>\$ (1,031,984)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Beaver Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Beaver Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District’s instructional facility staffed by 59 non-certified and 130 certified full-time teaching personnel who provide services to 1,679 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Educational Service System (ACCESS)

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Columbiana County Career and Technical Center

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

INSURANCE PURCHASING POOL

Workers' Compensation Group Rating Program

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Elementary and Secondary School Emergency Relief (ESSER) fund - The ESSER fund is used to account for federal emergency relief grants related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development for staff, planning and coordination during long-term closure, and purchasing technology for students.

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditure for principal and interest and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

D. Basis of Accounting

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 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. Unavailable revenue includes, but is not limited to, delinquent property taxes, donations and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

E. Budgetary Process

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

Tax Budget:

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023.

Appropriations:

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2023, the District invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, U.S. Treasury notes, a corporate note, negotiable certificates of deposit (CDs) and a U.S. Government money market fund. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

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

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24-hour notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$6,877, which includes \$3,209 assigned from other District funds.

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

G. Inventory

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

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported on the fund financial statements.

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and building improvements	30 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years
Intangible right to use - equipment	5 years
Intangible right to use - software	2 years

The District is reporting intangible right to use assets related to leased equipment and subscription based information technology arrangements (SBITAs) for software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

I. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees over the age of fifty with at least fifteen years of service or any age with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 9.A.

L. Deferred Charge on Refunding

For bond refundings resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred charge is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and presented as a deferred inflow of resources or a deferred outflow of resources.

M. Net Position

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

N. Fund Balance

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

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

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

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

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

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

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

O. Pensions/Other Postemployment Benefits (OPEB)

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

P. Interfund Balances

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

Q. Interfund Activity

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

R. Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

T. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include lease-purchase agreement proceeds held by an escrow agent.

U. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2023, the District has implemented GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. These changes were incorporated in the District’s fiscal year 2023 financial statements.

A net position restatement is required in order implement GASB Statement No. 96. The governmental activities have been restated as follows:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 18,288,249
Add: intangible right to use software	64,967
Less: accumulated amortization on software	<u>(21,961)</u>
Restated net position at July 1, 2022	<u>\$ 18,331,255</u>

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the 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 District.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Nonmajor governmental fund balances at June 30, 2023 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Education jobs	3,700
IDEA Part B	83,797
Title I	72,637
Supporting effective instruction	5,838
Title IV-A	24,490

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made on through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash with Escrow Agent

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

B. Cash on Hand

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

C. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was \$5,044,184. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2023, \$4,981,132 of the District's bank balance of \$5,231,132 was exposed to custodial credit risk as discussed below, while \$250,000 was covered by the FDIC.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

D. Investments

As of June 30, 2023, the District had the following investment and maturity:

Measurement/ Investment type	Measurement value	Investment maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FFCB	\$ 313,658	\$ 48,921	\$ -	\$ -	\$ -	\$ 264,737
FHLB	529,239	-	122,917	48,583	71,984	285,755
FHLMC	61,255	-	-	-	-	61,255
U.S. Government money market	12,270	12,270	-	-	-	-
Corporate note	19,593	-	-	-	-	19,593
Negotiable CDs	187,621	-	-	-	-	187,621
U.S. Treasury notes	1,858,990	297,409	194,877	239,865	287,009	839,830
<i>Net asset value per share:</i>						
STAR Ohio	12,930	12,930	-	-	-	-
	<u>\$ 2,995,556</u>	<u>\$ 371,530</u>	<u>\$ 317,794</u>	<u>\$ 288,448</u>	<u>\$ 358,993</u>	<u>\$ 1,658,791</u>

The weighted average maturity of investments is 0.95 years.

At June 30, 2023, the weighted average of maturity of the portfolio held by STAR Ohio is 38.5 days.

The District's investments in a U.S. Government money market are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities, U.S. Treasury notes, a corporate note and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio and the U.S. Government money market carry ratings of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investments in a corporate note were rated Aa1 by Moody's Investor Services and AA+ by Standard & Poor's. The District's investments in federal agency securities and U.S. Treasury notes were rated Aaa by Moody's Investor Services and AA+ by Standard and Poor's. The District's investments in negotiable CDs are not rated as they are fully insured by the FDIC. The District's investment policy does not specifically address credit risk beyond requiring the 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 District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's corporate note, U.S. Treasury notes and federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The District's investments in negotiable CDs are insured by the FDIC. The District has no investment policy dealing with investment custodial risk beyond the requirements of State statute.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of Total</u>
<i>Fair value:</i>		
FFCB	\$ 313,658	10.47
FHLB	529,239	17.67
FHLMC	61,255	2.04
U.S. Government money market	12,270	0.41
Corporate note	19,593	0.66
Negotiable CDs	187,621	6.26
U.S. Treasury notes	1,858,990	62.06
<i>Net asset value per share:</i>		
STAR Ohio	12,930	0.43
	<u>\$ 2,995,556</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,044,184
Cash with escrow agent	1,125,000
Cash on hand	25
Investments	<u>2,995,556</u>
Total	<u>\$ 9,164,765</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 9,164,765</u>

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances for the year ended June 30, 2023, consisted of the following interfund loans receivable/payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ <u>390,119</u>

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

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

- B. Interfund balances consisted of the following due to/from other funds at June 30, 2023, as reported on the fund statements:

<u>Due to the general fund from:</u>	<u>Amount</u>
ESSER fund	\$ <u>1,258,127</u>

The purpose of the interfund loans due to the general fund is to cover negative cash balances in the ESSER fund. The interfund balance will be repaid once the anticipated revenues are received.

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

- C. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported on the fund financial statements:

<u>Transfers to the permanent improvement fund from:</u>	<u>Amount</u>
General fund	\$ 500,000
Nonmajor governmental funds	<u>1,499,950</u>
Total	<u>\$ 1,999,950</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.

The purpose of the transfer to the permanent improvement fund from the nonmajor governmental funds is to transfer excess monies in the bond retirement fund, a nonmajor governmental fund, that are not required to meet the obligations payable from the bond retirement fund because of the bond refunding transaction that took place during fiscal year 2022. The District obtained approval from the County Budget Commission for this transfer.

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

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$516,300 in the general fund, \$74,073 in the bond retirement fund, a nonmajor governmental fund and \$8,308 in the classroom facilities maintenance fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$483,582 in the general fund, \$83,857 in the bond retirement fund, a nonmajor governmental fund, and \$8,938 in the classroom facilities maintenance fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023 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 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 278,305,950	90.03	\$ 340,408,120	91.05
Public utility personal	<u>30,809,500</u>	<u>9.97</u>	<u>33,446,690</u>	<u>8.95</u>
Total	<u>\$ 309,115,450</u>	<u>100.00</u>	<u>\$ 373,854,810</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 34.34		\$ 32.80	

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023, consisted of property taxes, donations, accounts, 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.

A summary of the principal items of receivables follows:

Governmental activities:

Property taxes	\$ 8,918,090
Donations	550,000
Accounts	38,223
Accrued interest	15,046
Intergovernmental	<u>1,881,117</u>
Total	<u>\$ 11,402,476</u>

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

During fiscal year 2020, the District entered into two donation agreements for a total of \$1,000,000. The District received \$100,000 of these donations within fiscal year 2023. The donations will be received in yearly \$50,000 installments from each donor. One donation agreement is through calendar year 2028 and the other donation agreement is through calendar year 2029. \$100,000 is expected to be received in fiscal year 2023 with the remaining \$450,000 in future fiscal years. The donations will be used to finance improvements to the District's athletic facilities.

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**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS

The balances of capital assets at July 1, 2022 have been restated due to the implementation of GASB Statement No. 96. See Note 3.A. for detail. Governmental activities capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Restated Balance			Balance
	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2023</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 330,345	\$ -	\$ -	\$ 330,345
Construction in progress	<u>232,695</u>	<u>-</u>	<u>-</u>	<u>232,695</u>
Total capital assets, not being depreciated/amortized	<u>563,040</u>	<u>-</u>	<u>-</u>	<u>563,040</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	55,650,862	-	-	55,650,862
Furniture and equipment	3,290,124	31,624	-	3,321,748
Vehicles	2,928,451	210,876	-	3,139,327
Intangible right to use assets:				
Equipment	53,839	-	-	53,839
Software	<u>64,967</u>	<u>-</u>	<u>-</u>	<u>64,967</u>
Total capital assets, being depreciated/amortized	<u>61,988,243</u>	<u>242,500</u>	<u>-</u>	<u>62,230,743</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(11,117,535)	(1,491,617)	-	(12,609,152)
Furniture and equipment	(2,486,241)	(100,548)	-	(2,586,789)
Vehicles	(1,783,825)	(166,395)	-	(1,950,220)
Intangible right to use assets:				
Equipment	(21,536)	(10,768)	-	(32,304)
Software	<u>(21,961)</u>	<u>(21,961)</u>	<u>-</u>	<u>(43,922)</u>
Total accumulated depreciation/amortization	<u>(15,431,098)</u>	<u>(1,791,289)</u>	<u>-</u>	<u>(17,222,387)</u>
Governmental activities capital assets, net	<u>\$ 47,120,185</u>	<u>\$ (1,548,789)</u>	<u>\$ -</u>	<u>\$ 45,571,396</u>

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**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 892,684
Special	48,183
Vocational	11,316
<u>Support services:</u>	
Instructional staff	28,430
Administration	29,146
Fiscal	367
Operations and maintenance	436,976
Pupil transportation	58,770
Food service operations	144,739
Extracurricular	<u>140,678</u>
Total depreciation/amortization expense	<u>\$ 1,791,289</u>

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2023, the following changes occurred in governmental activities long-term obligations.

	<u>Balance</u> <u>06/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/23</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
General obligation bonds:					
Refunding series 2022:					
Current interest bonds	\$ 14,910,000	\$ -	\$ -	\$ 14,910,000	\$ -
Total general obligation bonds	<u>14,910,000</u>	<u>-</u>	<u>-</u>	<u>14,910,000</u>	<u>-</u>
Other long-term obligations:					
Direct borrowings:					
Athletic financed purchase	1,190,830	-	(134,107)	1,056,723	138,076
Copier lease payable	36,495	-	(10,606)	25,889	11,148
Net pension liability	10,728,826	6,676,242	-	17,405,068	-
Net OPEB liability	1,157,827	-	(348,640)	809,187	-
Compensated absences payable	<u>806,788</u>	<u>81,037</u>	<u>(120,275)</u>	<u>767,550</u>	<u>90,495</u>
Total governmental activities long-term liabilities	<u>\$ 28,830,766</u>	<u>\$ 6,757,279</u>	<u>\$ (613,628)</u>	34,974,417	<u>\$ 239,719</u>
Add: unamortized premium				<u>2,099,883</u>	
Total on statement of net position				<u>\$ 37,074,300</u>	

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

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The District’s net pension liability is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service.

The District’s net OPEB liability/asset is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

B. General Obligation Refunding Bonds - Series 2022

On March 8, 2022, the District issued general obligation refunding bonds (series 2022 refunding bonds) to refund the series 2012 current interest general obligation bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this bond issue are recorded as an expenditure in the bond retirement fund, a nonmajor governmental fund.

This issue is comprised of current interest bonds, par value \$14,910,000. The interest rate on the current interest bonds is 4.00%.

The net carrying amount of the old debt exceeded the reacquisition price by \$1,091. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

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

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

Year Ended	Series 2022 General Obligation Refunding Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2024	\$ -	\$ 596,400	\$ 596,400
2025	630,000	583,800	1,213,800
2026	650,000	558,200	1,208,200
2027	680,000	531,600	1,211,600
2028	705,000	503,900	1,208,900
2029 - 2033	3,980,000	2,063,600	6,043,600
2034 - 2038	4,855,000	1,183,100	6,038,100
2039 - 2041	3,410,000	208,000	3,618,000
Total	\$ 14,910,000	\$ 6,228,600	\$ 21,138,600

C. Athletic Complex Financed Purchase

During fiscal year 2021, the District entered into a \$1,500,000 lease purchase agreement with First National Bank of Pennsylvania for the lease and eventual acquisition of improvements to the District’s athletic complex.

\$1,125,000 of proceeds related to the athletic complex financed purchase agreement were unspent as of June 30, 2023. \$375,000 of the proceeds were used for field turf, which was capitalized in fiscal year 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

This agreement requires annual payments of \$169,355 due on July 15th. The final payment is due on July 15th, 2029. Payments have been reclassified and shown as debt service expenditures in the general fund. These expenditures are reflected as function expenditures on a budgetary basis.

This agreement is considered a direct borrowing with terms negotiated between the District and the financing company and is not offered for public sale.

The following is a summary of future annual debt service requirements to maturity for the District's athletic complex financed purchase:

Year Ended	Direct Borrowing		
	Athletic Complex Financed Purchase		
	Principal	Interest	Total
2024	\$ 138,076	\$ 31,279	\$ 169,355
2025	142,163	27,192	169,355
2026	146,371	22,984	169,355
2027	150,704	18,651	169,355
2028	155,165	14,191	169,356
2029 - 2030	324,244	14,466	338,710
Total	\$ 1,056,723	\$ 128,763	\$ 1,185,486

D. Copier Lease Payable

The District has entered into a lease agreement for the use of right to use copier equipment. The lease requires monthly payments and the lease term ends in September 2025. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund. Lease payments have been reclassified and shown as debt service expenditures in the general fund. These expenditures for the lease will be reflected as function expenditures on a budgetary basis.

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2024	\$ 11,148	\$ 1,041	\$ 12,189
2025	11,719	471	12,190
2026	3,022	25	3,047
Total	\$ 25,889	\$ 1,537	\$ 27,426

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of \$19,527,746 (including available funds of \$790,813) and an unvoted debt margin of \$373,855.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 300 days for certified employees. Sick leave may be accumulated with no maximum for classified employees.

Upon retirement, payment is made to certified employees as follows: (1) all qualifying employees hired before 2000 will be paid up to 30 days plus one fourth of their remaining sick leave accumulation up to a maximum of 75 days, (2) all qualifying employees hired after 2000 with at least 15 years of service at the District will be paid one fourth of their remaining sick leave accumulation up to a maximum of 35 days, (3) all qualifying employees hired after 2000 with at least 25 years of service at the District will be paid one fourth of their remaining sick leave accumulation up to a maximum of 55 days, or (4) all qualifying employees hired after 2000 with 30 or more years of service at the District will be paid one fourth of their remaining sick leave accumulation up to a maximum of 75 days.

Upon retirement, payment is made for one fourth of the total sick leave accumulation up to a maximum of one hundred days for administrative/confidential employees, and one hundred days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

B. Life and Medical Insurance

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

The District has contracted with Ohio School Benefits Cooperative to provide employee medical/surgical benefits under a fully insured plan. The District pays medical/surgical and prescription premiums of \$2,082.29 for family coverage and \$894.22 for single coverage per employee per month for all employees.

Dental insurance is also provided by Ohio School Benefits Cooperative. Premiums for dental coverage are \$30.03 for single coverage and \$87.68 for family coverage per employee per month.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - OTHER EMPLOYEE BENEFITS - (Continued)

The Vision Service Plan provides vision insurance. Premiums for vision coverage are \$5.48 for single coverage and \$15.12 for family coverage per employee per month.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2023, the District had a \$5,000 deductible per occurrence. Liberty Mutual Insurance Company provides liability insurance with varying aggregate limits ranging from \$100,000 to \$3,000,000.

Liberty Mutual Insurance Company with a \$2,000 deductible provides commercial auto coverage and a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

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

For fiscal year 2023, the District participated in the OASBO Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 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 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.

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

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

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	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.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the 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, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$295,110 for fiscal year 2023. Of this amount, \$26,995 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.

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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. 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.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,277,456 for fiscal year 2023. Of this amount, \$221,673 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the 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	0.059620400%	0.066706349%	
Proportion of the net pension liability current measurement date	<u>0.056402600%</u>	<u>0.064571730%</u>	
Change in proportionate share	<u>-0.003217800%</u>	<u>-0.002134619%</u>	
Proportionate share of the net pension liability	\$ 3,050,691	\$ 14,354,377	\$ 17,405,068
Pension expense	\$ 111,500	\$ 1,396,312	\$ 1,507,812

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 123,555	\$ 183,752	\$ 307,307
Net difference between projected and actual earnings on pension plan investments	-	499,498	499,498
Changes of assumptions	30,101	1,717,787	1,747,888
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	30,577	71,704	102,281
Contributions subsequent to the measurement date	295,110	1,277,456	1,572,566
Total deferred outflows of resources	\$ 479,343	\$ 3,750,197	\$ 4,229,540
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 20,027	\$ 54,909	\$ 74,936
Net difference between projected and actual earnings on pension plan investments	106,457	-	106,457
Changes of assumptions	-	1,293,000	1,293,000
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	118,108	533,008	651,116
Total deferred inflows of resources	\$ 244,592	\$ 1,880,917	\$ 2,125,509

\$1,572,566 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (16,765)	\$ (160,130)	\$ (176,895)
2025	(68,434)	(206,191)	(274,625)
2026	(152,072)	(497,621)	(649,693)
2027	176,912	1,455,766	1,632,678
Total	\$ (60,359)	\$ 591,824	\$ 531,465

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

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

In 2022, 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.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

In the prior measurement date, 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.

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
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 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 4,490,472	\$ 3,050,691	\$ 1,837,696

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022. 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, 2022.

Sensitivity of the 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, 2022, 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
District's proportionate share of the net pension liability	\$ 21,684,238	\$ 14,354,377	\$ 8,155,584

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what 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 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.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, 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 2023, 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 2023, the District's surcharge obligation was \$38,263.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$38,263 for fiscal year 2023. Of this amount, \$38,263 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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, 2023, 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, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	0.061177100%	0.066706349%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.057634000%</u>	<u>0.064571730%</u>	
Change in proportionate share	<u>-0.003543100%</u>	<u>-0.002134619%</u>	
Proportionate share of the net OPEB liability	\$ 809,187	\$ -	\$ 809,187
Proportionate share of the net OPEB asset	\$ -	\$ 1,671,977	\$ 1,671,977
OPEB expense	\$ (99,781)	\$ (323,915)	\$ (423,696)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 6,804	\$ 24,237	\$ 31,041
Net difference between projected and actual earnings on OPEB plan investments	4,205	29,105	33,310
Changes of assumptions	128,710	71,219	199,929
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	60,131	1,947	62,078
Contributions subsequent to the measurement date	<u>38,263</u>	<u>-</u>	<u>38,263</u>
Total deferred outflows of resources	<u>\$ 238,113</u>	<u>\$ 126,508</u>	<u>\$ 364,621</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 517,616	\$ 251,099	\$ 768,715
Changes of assumptions	332,177	1,185,596	1,517,773
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>192,679</u>	<u>36,447</u>	<u>229,126</u>
Total deferred inflows of resources	<u>\$ 1,042,472</u>	<u>\$ 1,473,142</u>	<u>\$ 2,515,614</u>

\$38,263 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$ (207,255)	\$ (406,101)	\$ (613,356)
2025	(182,044)	(391,015)	(573,059)
2026	(153,134)	(180,039)	(333,173)
2027	(104,301)	(74,634)	(178,935)
2028	(71,740)	(97,422)	(169,162)
Thereafter	(124,148)	(197,423)	(321,571)
Total	\$ (842,622)	\$ (1,346,634)	\$ (2,189,256)

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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**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, 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, mortality rates were based on the PUB-2010 General Employee Amount Weighted 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.

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, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 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 long-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 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. 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, 2022 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 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,005,023	\$ 809,187	\$ 651,095

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 624,029	\$ 809,187	\$ 1,051,035

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, 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%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the prior measurement date, 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's 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 liability was 7.00% as of June 30, 2022. 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 those 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, 2022. 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, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,548,282	\$ 1,671,977	\$ 1,780,145
		Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,734,247	\$ 1,671,977	\$ 1,593,377

NOTE 14 - SET-ASIDES

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

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.

	Capital Improvements
Set-aside balance June 30, 2022	\$ -
Current year set-aside requirement	380,095
Current year qualifying expenditures	(165,876)
Current year offsets	(666,854)
Total	\$ (452,635)
Balance carried forward to fiscal year 2024	\$ -
Set-aside balance June 30, 2023	\$ -

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

**BEAVER LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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 ESSER fund are as follows:

Net Change in Fund Balance

	<u>General fund</u>	<u>ESSER fund</u>
Budget basis	\$ 1,264,056	\$ (838,243)
Net adjustment for revenue accruals	(46,356)	-
Net adjustment for expenditure accruals	(253,038)	(45,742)
Net adjustment for other sources/uses	234,792	-
Funds budgeted elsewhere	(5,525)	-
Adjustment for encumbrances	14,627	-
GAAP basis	\$ 1,208,556	\$ (883,985)

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER COMMITMENTS

The 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 District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Fiscal Year-End Encumbrances</u>
General	\$ 14,627
Nonmajor governmental	<u>9,462</u>
Total	<u>\$ 24,089</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 ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.05640260%	0.05962040%	0.05743210%	0.06013610%
District's proportionate share of the net pension liability	\$ 3,050,691	\$ 2,199,820	\$ 3,798,680	\$ 3,598,048
District's covered payroll	\$ 2,129,514	\$ 2,053,071	\$ 2,004,536	\$ 2,080,393
District's proportionate share of the net pension liability as a percentage of its covered payroll	143.26%	107.15%	189.50%	172.95%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05760780%	0.06575320%	0.07045390%	0.06769800%	0.06925400%	0.06925400%
\$ 3,299,305	\$ 3,928,608	\$ 5,156,575	\$ 3,862,914	\$ 3,504,906	\$ 4,118,313
\$ 1,974,956	\$ 1,998,729	\$ 2,279,743	\$ 2,137,580	\$ 2,460,065	\$ 2,560,325
167.06%	196.56%	226.19%	180.71%	142.47%	160.85%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.064571730%	0.066706349%	0.066056790%	0.067214370%
District's proportionate share of the net pension liability	\$ 14,354,377	\$ 8,529,006	\$ 15,983,393	\$ 14,864,054
District's covered payroll	\$ 8,265,550	\$ 8,432,843	\$ 8,020,964	\$ 7,759,543
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.67%	101.14%	199.27%	191.56%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.067923180%	0.069950310%	0.071160720%	0.073518460%	0.074384380%	0.074384380%
\$ 14,934,782	\$ 16,616,846	\$ 23,819,638	\$ 20,318,352	\$ 18,092,855	\$ 21,552,091
\$ 7,843,836	\$ 7,708,264	\$ 7,418,357	\$ 7,600,029	\$ 7,954,546	\$ 8,295,292
190.40%	215.57%	321.09%	267.35%	227.45%	259.81%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 295,110	\$ 298,132	\$ 287,430	\$ 280,635
Contributions in relation to the contractually required contribution	<u>(295,110)</u>	<u>(298,132)</u>	<u>(287,430)</u>	<u>(280,635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,107,929	\$ 2,129,514	\$ 2,053,071	\$ 2,004,536
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 280,853	\$ 266,619	\$ 279,822	\$ 319,164	\$ 281,733	\$ 340,965
<u>(280,853)</u>	<u>(266,619)</u>	<u>(279,822)</u>	<u>(319,164)</u>	<u>(281,733)</u>	<u>(340,965)</u>
<u>\$ -</u>					
\$ 2,080,393	\$ 1,974,956	\$ 1,998,729	\$ 2,279,743	\$ 2,137,580	\$ 2,460,065
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,277,456	\$ 1,157,177	\$ 1,180,598	\$ 1,122,935
Contributions in relation to the contractually required contribution	<u>(1,277,456)</u>	<u>(1,157,177)</u>	<u>(1,180,598)</u>	<u>(1,122,935)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,124,686	\$ 8,265,550	\$ 8,432,843	\$ 8,020,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,086,336	\$ 1,098,137	\$ 1,079,157	\$ 1,038,570	\$ 1,064,004	\$ 1,034,091
<u>(1,086,336)</u>	<u>(1,098,137)</u>	<u>(1,079,157)</u>	<u>(1,038,570)</u>	<u>(1,064,004)</u>	<u>(1,034,091)</u>
<u>\$ -</u>					
\$ 7,759,543	\$ 7,843,836	\$ 7,708,264	\$ 7,418,357	\$ 7,600,029	\$ 7,954,546
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.05763400%	0.06117710%	0.05958160%	0.06151970%
District's proportionate share of the net OPEB liability	\$ 809,187	\$ 1,157,827	\$ 1,294,903	\$ 1,547,091
District's covered payroll	\$ 2,129,514	\$ 2,053,071	\$ 2,004,536	\$ 2,080,393
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.00%	56.39%	64.60%	74.37%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

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 District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.05854380%	0.06677730%	0.07139117%
\$ 1,624,163	\$ 1,792,127	\$ 2,034,912
\$ 1,974,956	\$ 1,998,729	\$ 2,279,743
82.24%	89.66%	89.26%
13.57%	12.46%	11.49%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/asset	0.064571730%	0.066706349%	0.066056790%	0.067214370%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,671,977)	\$ (1,406,449)	\$ (1,160,948)	\$ (1,113,231)
District's covered payroll	\$ 8,265,550	\$ 8,432,843	\$ 8,020,964	\$ 7,759,543
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	20.23%	16.68%	14.47%	14.35%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.067923180%	0.069950310%	0.071160720%
\$ (1,091,456)	\$ 2,729,203	\$ 3,805,694
\$ 7,843,836	\$ 7,708,264	\$ 7,418,357
13.91%	35.41%	51.30%
176.00%	47.10%	37.30%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 38,263	\$ 37,443	\$ 37,919	\$ 38,203
Contributions in relation to the contractually required contribution	<u>(38,263)</u>	<u>(37,443)</u>	<u>(37,919)</u>	<u>(38,203)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,107,929	\$ 2,129,514	\$ 2,053,071	\$ 2,004,536
Contributions as a percentage of covered payroll	1.82%	1.76%	1.85%	1.91%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 47,446	\$ 41,950	\$ 36,640	\$ 35,224	\$ 21,616	\$ 3,569
<u>(47,446)</u>	<u>(41,950)</u>	<u>(36,640)</u>	<u>(35,224)</u>	<u>(21,616)</u>	<u>(3,569)</u>
<u>\$ -</u>	<u>\$ -</u>				
\$ 2,080,393	\$ 1,974,956	\$ 1,998,729	\$ 2,279,743	\$ 2,137,580	\$ 2,460,065
2.28%	2.12%	1.83%	1.55%	1.01%	0.15%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 9,124,686	\$ 8,265,550	\$ 8,432,843	\$ 8,020,964
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,262
-	-	-	-	-	(82,262)
<u>\$ -</u>					
\$ 7,759,543	\$ 7,843,836	\$ 7,708,264	\$ 7,418,357	\$ 7,600,029	\$ 7,954,546
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- 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%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

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 year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions:

- For fiscal year 2017, 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.
- 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%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB 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 Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

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.

(Continued)

**BEAVER LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued):

- 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.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Local School District, Columbiana County, Ohio (the “District”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated January 30, 2024, in which we noted the District restated beginning net position to account for the implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
January 30, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Beaver Local School District’s, Columbiana County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each 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 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 each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 District’s federal programs.

Auditor's Responsibility 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 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 District's compliance with the requirements of each 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 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 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 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

Beaver Local School District
Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance Required by the Uniform Guidance
Page 3 of 3

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
January 30, 2024

Beaver Local School District
Columbiana County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor Program Title	Grant Year/ Direct Award No.	ALN	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2022	84.010A	1,905	0
Title I Grants to Local Educational Agencies	2023	84.010A	343,585	0
Total Title I Grants to Local Educational Agencies			345,490	0
<i>Special Education Cluster:</i>				
Special Education - Grants to States	2022	84.027A	15,949	0
Special Education - Grants to States	2023	84.027A	380,009	0
Total Special Education - Grants to States			395,958	0
Special Education - Preschool Grants Consortium Allocation	2023	84.173A	7,398	0
Total Special Education - Preschool Grants			7,398	0
<i>Total Special Education Cluster</i>			403,356	0
Improving Teacher Quality State Grants	2023	84.367A	62,321	0
Title IV-A Student Support and Academic Enrichment	2023	84.424A	24,490	0
COVID-19: Education Stabilization Fund (ESSER II)	2022	84.425D	23,516	0
COVID-19: Education Stabilization Fund (ESSER II)	2023	84.425D	1,600	0
COVID-19: Education Stabilization Fund (ARP ESSER)	2022	84.425U	408,116	0
COVID-19: Education Stabilization Fund (ARP ESSER)	2023	84.425U	1,256,527	0
COVID-19: Education Stabilization Fund (ARP HOMELESS)	2023	84.425W	16,500	0
Total COVID-19: Education Stabilization Fund			1,706,259	0
Total U.S. Department of Education			2,541,916	0
U. S. Department of Treasury				
<i>Passed Through Ohio Facilities Construction Commission:</i>				
COVID-19: K12 School Safety Grant	2023	21.027	57,000	0
Total U. S. Department of Treasury			57,000	0
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance (Food Distribution):</i>				
National School Lunch Program	(D)	2023	38,394	0
School Breakfast Program	(D)	2023	14,866	0
			53,260	0
<i>Cash Assistance:</i>				
National School Lunch Program	(C)	2023	535,798	0
COVID-19 National School Lunch Program	(C)	2023	57,065	0
School Breakfast Program	(C)	2023	229,547	0
<i>Cash Assistance Subtotal</i>			822,410	0
<i>Total Child Nutrition Cluster</i>			875,670	0
COVID-19: State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	2023	10.649	628	0
Total U.S. Department of Agriculture			876,298	0
TOTAL FEDERAL ASSISTANCE			\$ 3,475,214	\$ 0

See accompanying notes to the Schedule of Expenditures of Federal Awards

Beaver Local School District
Columbiana County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Beaver Local School District (the District’s) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E – CONSORTIUM GRANT EXPENDITURES

During the fiscal year ended June 30, 2023, the District passed/transferred grant fund allocations to the Columbiana County Educational Service Center for Special Education Preschool Grants totaling \$7,398.

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to subsequent fiscal year’s program. The District transferred the following amounts from 2022 to 2023 programs:

ARP ESSER	84,425U	2,077,852
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Beaver Local School District
Columbiana County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2023

1. SUMMARY OF AUDITOR’S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
<i>(d)(1)(v)</i>	Type of Major Programs’ Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): COVID-19: Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund	ALN 84.425D, 84.425U, 84.425W
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



BEAVER LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/28/2024

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