



OHIO AUDITOR OF STATE
KEITH FABER



**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Client:	
Management's Discussion and Analysis.....	5
Statement of Net Position	15
Statement of Activities.....	16
Balance Sheet - Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	21
Statement of Fiduciary Net Position – Private Purpose Trust Fund	22
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund	23
Notes to the Basic Financial Statements	25
Schedule of the School District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio.....	64
Schedule of the School District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio.....	66
Schedule of the School District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	68
Schedule of the School District's Proportionate Share of the Net OPEB Assets/Liability – State Teachers Retirement System of Ohio	70
Schedule of the School District's Contributions - School Employees Retirement System of Ohio	72
Schedule of the School District's Contributions – State Teachers Retirement System of Ohio	74
Notes to the Required Supplementary Information.....	76
Schedule of Federal Awards Receipts and Expenditures.....	81
Notes to the Schedule of Federal Awards Receipts and Expenditures	82

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	83
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	85
Schedule of Findings.....	89

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

West Branch Local School District
Mahoning County
14277 Main Street
Beloit, Ohio 44609

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Branch Local School District, Mahoning County, Ohio (District), as of and for the year ended June 30, 2022, 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Branch Local School District, Mahoning County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 discussed in Note 23 to the financial statements, during 2022, the financial impact of Covid-19 and the ensuing emergency measures may impact subsequent periods of the District. 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 schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

This page intentionally left blank.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

As management of the West Branch Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position increased in fiscal year 2022 primarily due to an increase in cash and cash equivalents resulting from careful monitoring of expenses by School District management and changes in the net pension/OPEB asset/liabilities and their associated deferred inflows/outflows.
- Total program expenses decreased in fiscal year 2022 due to change in the net pension/OPEB asset/liability that are the results of the School District's adjusting proportionate share of the total State-wide liabilities (assets) for both pension and OPEB across retirement systems.
- The School District implemented GASB 87 during fiscal year 2022 which resulted in the recording of two leases payable related to copiers and a postage meter machine.
- The School District's enrollment decreased from 1,817 students in fiscal year 2021 to 1,678 students in fiscal year 2022.
- Capital asset additions included a lease payable for \$115,423 in copiers, riding paint striper, zero turn mower, pressure washer and two buses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund. All of the funds of the School District can be divided into two categories: governmental and fiduciary.

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

Fiduciary Fund A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2022 compared to 2021.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 1
Net Position
Governmental Activities

	2022	Restated 2021	Change
Assets			
Current and Other Assets	\$16,751,722	\$13,773,041	\$2,978,681
Noncurrent Assets:			
Net OPEB Asset	1,587,598	1,347,941	239,657
Capital Assets, Net	23,292,097	24,559,216	(1,267,119)
<i>Total Assets</i>	<u>41,631,417</u>	<u>39,680,198</u>	<u>1,951,219</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	5,717	9,752	(4,035)
Pension	4,786,051	4,079,694	706,357
OPEB	475,109	579,382	(104,273)
<i>Total Deferred Outflows of Resources</i>	<u>5,266,877</u>	<u>4,668,828</u>	<u>598,049</u>
Liabilities			
Current Liabilities	3,267,781	2,707,233	(560,548)
Long-Term Liabilities:			
Due Within One Year	1,073,008	1,083,127	10,119
Due in More Than One Year:			
Net Pension Liability	12,345,586	23,599,708	11,254,122
Net OPEB Liability	1,432,999	1,722,557	289,558
Other Amounts	981,744	1,563,948	582,204
<i>Total Liabilities</i>	<u>19,101,118</u>	<u>30,676,573</u>	<u>11,575,455</u>
Deferred Inflows of Resources			
Property Taxes	6,153,509	5,937,533	(215,976)
Pension	10,617,568	1,102,180	(9,515,388)
OPEB	2,990,582	2,841,439	(149,143)
<i>Total Deferred Inflows of Resources</i>	<u>19,761,659</u>	<u>9,881,152</u>	<u>(9,880,507)</u>
Net Position			
Net Investment in Capital Assets	21,638,313	22,501,001	(862,688)
Restricted for:			
Capital Projects	222,499	223,389	(890)
Debt Service	739,639	717,965	21,674
Other Purposes	1,779,730	1,446,786	332,944
Unrestricted (Deficit)	<u>(16,344,664)</u>	<u>(21,097,840)</u>	<u>4,753,176</u>
<i>Total Net Position</i>	<u>\$8,035,517</u>	<u>\$3,791,301</u>	<u>\$4,244,216</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB asset/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/OPEB asset/liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$8,035,517 in fiscal year 2022 and \$3,791,301 in fiscal year 2021.

A large portion of the School District's net position reflects "Net Investment in Capital Assets" (i.e. land, construction in progress, buildings, improvements, furniture, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to cash and cash equivalents, capital assets, current liabilities and the net pension/OPEB asset/liability as noted previously. Cash and cash equivalents increased from fiscal year 2021 mainly due to the result of revenue collection exceeding expenses resulting in a surplus for the year. Capital assets decreased as current fiscal year depreciation exceeded the additions to capital assets. Current liabilities mainly increased due to payables related to construction and the timing of payments for a few large purchases at the end of the year. The net pension/OPEB asset and liabilities changed from factors previously discussed.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2022 and 2021.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 2
Change in Net Position
Governmental Activities

	2022	Restated 2021	Change
Program Revenues			
Charges for Services	\$1,346,077	\$3,396,612	(\$2,050,535)
Operating Grants and Contributions	5,018,798	2,794,764	2,224,034
<i>Total Program Revenues</i>	<u>6,364,875</u>	<u>6,191,376</u>	<u>173,499</u>
General Revenues			
Property Taxes	6,656,208	6,366,791	289,417
Grants and Entitlements	12,619,557	11,976,308	643,249
Unrestricted Contributions	25,489	43,213	(17,724)
Investment Earnings	(51,611)	9,807	(61,418)
Payments in Lieu of Taxes	4,995	891	4,104
Miscellaneous	27,184	355,504	(328,320)
<i>Total General Revenues</i>	<u>19,281,822</u>	<u>18,752,514</u>	<u>529,308</u>
<i>Total Revenues</i>	<u>25,646,697</u>	<u>24,943,890</u>	<u>702,807</u>
Program Expenses			
Instruction:			
Regular	9,422,419	12,235,439	2,813,020
Special	2,629,751	2,966,033	336,282
Vocational	152,179	198,727	46,548
Support Services:			
Pupils	1,380,641	1,472,002	91,361
Instructional Staff	783,539	907,143	123,604
Board of Education	32,545	18,820	(13,725)
Administration	1,354,764	1,657,309	302,545
Fiscal	412,333	430,457	18,124
Business	36,684	27,149	(9,535)
Operation and Maintenance of Plant	2,268,197	1,735,685	(532,512)
Pupil Transportation	1,065,568	840,834	(224,734)
Central	241,790	240,742	(1,048)
Extracurricular Activities	653,356	685,678	32,322
Operation of Non-Instructional Services	49,084	29,482	(19,602)
Operation of Food Service	876,466	793,579	(82,887)
Interest and Fiscal Charges	43,165	63,149	19,984
<i>Total Program Expenses</i>	<u>21,402,481</u>	<u>24,302,228</u>	<u>2,899,747</u>
<i>Change in Net Position</i>	4,244,216	641,662	3,602,554
Net Position Beginning of Year	<u>3,791,301</u>	<u>3,149,639</u>	<u>641,662</u>
Net Position End of Year	<u>\$8,035,517</u>	<u>\$3,791,301</u>	<u>\$4,244,216</u>

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2022. Charges for services and sales decreased in response to the change in school funding. Operating grants increased in fiscal year 2022, as the School District was awarded additional restricted grant monies, which were additional sources of operating revenues. General revenues increased in fiscal year 2022 resulting from increases in property taxes and grants and entitlements. Property taxes increased from an increase in County assessed values on property. The increase in grants and entitlements for fiscal year 2022 was due to the School District seeking out additional sources of revenues to include Federal awards specific to the COVID 19 pandemic.

Instruction composes the most significant portion of governmental program expenses. Program expenses decreased from 2021 due to changes in the net pension/OPEB asset/liability. As mentioned previously, change in the net pension/OPEB asset/liability and associated deferred outflows/inflows are the result of the School District's adjusting proportionate share of the total State-wide liabilities (assets) for both pension and OPEB across retirement systems.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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 entitlements.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2022		2021	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$9,422,419	\$7,951,848	\$12,235,439	\$9,548,023
Special	2,629,751	1,172,337	2,966,033	1,818,498
Vocational	152,179	152,179	198,727	71,432
Support Services:				
Pupils	1,380,641	1,139,592	1,472,002	709,472
Instructional Staff	783,539	522,235	907,143	835,747
Board of Education	32,545	32,545	18,820	18,820
Administration	1,354,764	1,345,710	1,657,309	1,657,309
Fiscal	412,333	412,333	430,457	430,457
Business	36,684	36,684	27,149	27,149
Operation and Maintenance of Plant	2,268,197	1,552,109	1,735,685	1,525,948
Pupil Transportation	1,065,568	900,807	840,834	813,355
Central	241,790	28,492	240,742	87,454
Extracurricular Activities	653,356	169,067	685,678	454,964
Operation of Non-Instructional Services	49,084	30,684	29,482	(10,191)
Operation of Food Service	876,466	(452,181)	793,579	59,266
Interest and Fiscal Charges	43,165	43,165	63,149	63,149
Total	<u>\$21,402,481</u>	<u>\$15,037,606</u>	<u>\$24,302,228</u>	<u>\$18,110,852</u>

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to current year revenues continuing to exceed current year expenditures in fiscal year 2022 as management strives to keep costs within available resources. The bond retirement debt service fund saw a slight increase in fund balance resulting from a transfer from the general fund to subsidize debt payments.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

For the general fund, the final budget basis revenue estimate was lower than the original budget estimate. The difference can be attributed to the administration making adjustments for currently known information.

The final budget appropriations were higher than the original budget appropriations for the general fund. This change was attributed to increases in estimate for instructional activities and support services, as a more accurate picture of the fiscal year was realized.

Capital Assets and Long-term Obligations

Capital Assets

The decrease in capital assets was due to current year depreciation exceeding current year additions. Capital asset additions included a lease payable for \$115,423 in copiers, riding paint striper, zero turn mower, pressure washer and two buses. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Long-Term Obligations

On September 10, 2010, the School District issued \$1,556,048 in energy conservation improvement bonds. The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the School District's buildings.

On April 20, 2017, the School District issued general obligation bonds, in the amount of \$3,945,000, to refund the callable portion of the Series 2007 current interest general obligation bonds in order to take advantage of lower interest rates.

GASB 87 establishes lease standards for financed purchased assets as well as leases payable and assets not taken possession of after the lease period concludes. The School District entered into direct placement leases for their copiers and a postage machine.

The School District's overall legal debt margin was \$26,840,174 with an unvoted debt margin of \$304,082. For more information about the School District's long-term obligations, see Note 11 to the basic financial statements.

Current Financial Related Activities

As the statement of revenues, expenditures and changes in fund balances indicates, the School District relies heavily upon property taxes, revenue from the State, tuition and other local revenues. This reliance presents certain internal and external challenges with respect to the future financial stability of the School District.

The School District anticipates that it must look towards a combination of increased reliance on local property taxes and expenditure reductions in order to fund its operations beyond fiscal year 2022 as State revenue, already the major source of operational revenue, is expected to provide little, if any, growth in the foreseeable future. At the same time, the School District does not foresee any sustainable growth in revenue from current levied property taxes due to continued lack of significant growth in new construction. Management must diligently adjust planned expenditures in future years to fit within projected revenues.

West Branch Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The School District continues to be concerned with the lack of any significant growth in district of residence enrollment. Through fiscal year 2020 and projected through fiscal year 2024, open enrollment from “out of School District students” had served to maintain a relatively steady total enrollment and increased revenues from other operating revenue sources. Resident enrollment is projected to decline over the forecast period resulting in at best a modest decline in State funding, given the current funding formula, as we move through the forecast period.

The School District has committed itself to academic and financial excellence for many years as reflected by “Excellent” and “Excellent with Distinction” ratings through the 2011-2012 academic years. With continued changes to the report card over the succeeding three academic years, the grading criteria has become increasingly more stringent impacting the grading scale in comparison to prior years. The 2015-2016 report card indicates the School District receive an “A” grade for its 95.3 percent four-year graduation rate and “C” grade in Achievement for its performance index which measures the test results of every student.

In April 2010, Standard and Poor’s Rating Services upgraded its rating on the School District’s 2007 general obligation bonds to an “A+” rating from its prior “A” rating and changed its outlook to stable from developing. In July 2015, it affirmed its confirmation of the “A+” rating and stable outlook. This rating remains in place and may not only have a favorable impact upon future debt issuance but could also improve the perception of outstanding debt currently in the marketplace.

Improvements continue in the quality of fiscal management as demonstrated by a proactive approach to cash management, not only to maximize funds but also to achieve optimal income on cash balances. With the ongoing banking environment, safety of the School District’s dollars remains top priority. Meeting the needs of the natural budget cycles continues to be our greatest challenge.

Contacting the School District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer’s office, at 14277 Main Street, Beloit, Ohio 44609.

This page intentionally left blank.

West Branch Local School District

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,544,317
Accrued Interest Receivable	1,758
Accounts Receivable	9,000
Intergovernmental Receivable	692,484
Inventory Held for Resale	6,381
Materials and Supplies Inventory	1,706
Prepaid Items	16,771
Property Taxes Receivable	7,479,305
Net OPEB Asset (See Note 18)	1,587,598
Nondepreciable Capital Assets	875,679
Depreciable Capital Assets, Net	22,416,418
<i>Total Assets</i>	<u>41,631,417</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding Pension	5,717
OPEB	4,786,051
<i>Total Assets</i>	<u>475,109</u>
Liabilities	
Accounts Payable	269,022
Accrued Wages and Benefits	2,180,781
Contracts Payable	232,029
Intergovernmental Payable	400,018
Matured Compensated Absences Payable	115,988
Unearned Revenue	67,236
Accrued Interest Payable	2,707
Long-Term Liabilities:	
Due Within One Year	1,073,008
Due in More Than One Year	
Net Pension Liability (See Note 17)	12,345,586
Net OPEB Liability (See Note 18)	1,432,999
Other Amounts	981,744
<i>Total Liabilities</i>	<u>19,101,118</u>
Deferred Inflows of Resources	
Property Taxes	6,153,509
Pension	10,617,568
OPEB	2,990,582
<i>Total Deferred Inflows of Resources</i>	<u>19,761,659</u>
Net Position	
Net Investment in Capital Assets	21,638,313
Restricted for:	
Capital Projects	222,499
Debt Service	739,639
Set Asides	49,006
Other Purposes	1,730,724
Unrestricted (Deficit)	<u>(16,344,664)</u>
<i>Total Net Position</i>	<u>\$8,035,517</u>

See accompanying notes to the basic financial statements

West Branch Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Program Revenues			Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$9,422,419	\$583,494	\$887,077	(\$7,951,848)
Special	2,629,751	0	1,457,414	(1,172,337)
Vocational	152,179	0	0	(152,179)
Support Services:				
Pupils	1,380,641	63,152	177,897	(1,139,592)
Instructional Staff	783,539	0	261,304	(522,235)
Board of Education	32,545	0	0	(32,545)
Administration	1,354,764	0	9,054	(1,345,710)
Fiscal	412,333	0	0	(412,333)
Business	36,684	0	0	(36,684)
Operation and Maintenance of Plant	2,268,197	82,348	633,740	(1,552,109)
Pupil Transportation	1,065,568	0	164,761	(900,807)
Central	241,790	206,098	7,200	(28,492)
Extracurricular Activities	653,356	292,982	191,307	(169,067)
Operation of Non-Instructional Services	49,084	1,050	17,350	(30,684)
Operation of Food Service	876,466	116,953	1,211,694	452,181
Interest and Fiscal Charges	43,165	0	0	(43,165)
<i>Totals</i>	<u>\$21,402,481</u>	<u>\$1,346,077</u>	<u>\$5,018,798</u>	<u>(15,037,606)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	5,976,383
Debt Service	578,690
Classroom Facilities	101,135
Grants and Entitlements not Restricted to Specific Programs	12,619,557
Unrestricted Contributions	25,489
Investment Earnings	(51,611)
Payments in Lieu of Taxes	4,995
Miscellaneous	27,184
<i>Total General Revenues</i>	<u>19,281,822</u>
Change in Net Position	4,244,216
<i>Net Position Beginning of Year - (Restated - See Note 22)</i>	<u>3,791,301</u>
<i>Net Position End of Year</i>	<u><u>\$8,035,517</u></u>

See accompanying notes to the basic financial statements

West Branch Local School District

*Balance Sheet
Governmental Funds
June 30, 2022*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,861,233	\$639,613	\$1,994,465	\$8,495,311
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	49,006	0	0	49,006
Accrued Interest Receivable	1,758	0	0	1,758
Accounts Receivable	0	0	9,000	9,000
Intergovernmental Receivable	145,525	0	546,959	692,484
Prepaid Items	15,759	0	1,012	16,771
Interfund Receivable	50,674	0	0	50,674
Inventory Held for Resale	0	0	6,381	6,381
Materials and Supplies Inventory	0	0	1,706	1,706
Property Taxes Receivable	6,728,728	638,414	112,163	7,479,305
<i>Total Assets</i>	<u>\$12,852,683</u>	<u>\$1,278,027</u>	<u>\$2,671,686</u>	<u>\$16,802,396</u>
Liabilities				
Accounts Payable	\$247,051	\$0	\$21,971	\$269,022
Accrued Wages and Benefits	1,958,090	0	222,691	2,180,781
Contracts Payable	280	0	231,749	232,029
Intergovernmental Payable	351,996	0	48,022	400,018
Interfund Payable	0	0	50,674	50,674
Matured Compensated Absences Payable	115,988	0	0	115,988
Unearned Revenue	0	0	67,236	67,236
<i>Total Liabilities</i>	<u>2,673,405</u>	<u>0</u>	<u>642,343</u>	<u>3,315,748</u>
Deferred Inflows of Resources				
Property Taxes	5,527,057	535,681	90,771	6,153,509
Unavailable Revenue	1,104,050	79,548	62,978	1,246,576
<i>Total Deferred Inflows of Resources</i>	<u>6,631,107</u>	<u>615,229</u>	<u>153,749</u>	<u>7,400,085</u>
Fund Balances				
Nonspendable	15,759	0	2,718	18,477
Restricted	49,006	662,798	1,727,024	2,438,828
Committed	13,344	0	162,280	175,624
Assigned	1,133,687	0	0	1,133,687
Unassigned (Deficit)	2,336,375	0	(16,428)	2,319,947
<i>Total Fund Balances</i>	<u>3,548,171</u>	<u>662,798</u>	<u>1,875,594</u>	<u>6,086,563</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$12,852,683</u>	<u>\$1,278,027</u>	<u>\$2,671,686</u>	<u>\$16,802,396</u>

See accompanying notes to the basic financial statements

West Branch Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2022*

Total Governmental Funds Balances	\$6,086,563
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,292,097
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:	
Delinquent Property Taxes	1,064,389
Intergovernmental Grants	86,885
Tuition and Fees	95,302
Total	1,246,576
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,707)
The net OPEB asset and net pension/OPEB liabilities are not due and payable in the current period; therefore, the (asset) liabilities and related deferred outflows/inflows are not reported in governmental funds:	
Net OPEB Asset	1,587,598
Deferred Outflows - Pension	4,786,051
Deferred Outflows - OPEB	475,109
Net Pension Liability	(12,345,586)
Net OPEB Liability	(1,432,999)
Deferred Inflows - Pension	(10,617,568)
Deferred Inflows - OPEB	(2,990,582)
Total	(20,537,977)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Bonds	(129,678)
General Obligation Refunding Bonds	(1,190,000)
Deferred Charge on Refunding	5,717
Leases Payable	(108,074)
Compensated Absences	(627,000)
Total	(2,049,035)
 <i>Net Position of Governmental Activities</i>	 <u><u>\$8,035,517</u></u>

See accompanying notes to the basic financial statements

West Branch Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$5,841,808	\$570,557	\$98,778	\$6,511,143
Intergovernmental	13,381,063	78,341	4,186,101	17,645,505
Interest	(53,679)	0	2,068	(51,611)
Charges for Services	245,417	0	116,953	362,370
Tuition and Fees	643,821	0	0	643,821
Extracurricular Activities	81,264	0	255,547	336,811
Rentals	250	0	0	250
Contributions and Donations	25,489	0	41,787	67,276
Payments in Lieu of Taxes	4,995	0	0	4,995
Miscellaneous	47,997	0	12,684	60,681
<i>Total Revenues</i>	<u>20,218,425</u>	<u>648,898</u>	<u>4,713,918</u>	<u>25,581,241</u>
Expenditures				
Current:				
Instruction:				
Regular	8,512,997	0	575,467	9,088,464
Special	2,364,986	0	700,333	3,065,319
Vocational	169,749	0	0	169,749
Support Services:				
Pupils	1,154,967	0	376,260	1,531,227
Instructional Staff	556,253	0	318,778	875,031
Board of Education	32,545	0	0	32,545
Administration	1,641,091	0	10,751	1,651,842
Fiscal	448,455	13,175	2,008	463,638
Business	36,684	0	0	36,684
Operation and Maintenance of Plant	1,741,289	0	738,395	2,479,684
Pupil Transportation	1,046,079	0	168,973	1,215,052
Central	232,317	0	9,473	241,790
Extracurricular Activities	252,050	0	429,567	681,617
Operation of Non-Instructional Services	28,354	0	24,163	52,517
Operation of Food Service	0	0	989,630	989,630
Capital Outlay	0	0	223,880	223,880
Debt Service:				
Principal Retirement	12,494	709,670	0	722,164
Interest and Fiscal Charges	1,795	38,912	0	40,707
<i>Total Expenditures</i>	<u>18,232,105</u>	<u>761,757</u>	<u>4,567,678</u>	<u>23,561,540</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,986,320</u>	<u>(112,859)</u>	<u>146,240</u>	<u>2,019,701</u>
Other Financing Sources (Uses)				
Inception of Lease	115,423	0	0	115,423
Transfers In	0	124,823	115,000	239,823
Transfers Out	(239,823)	0	0	(239,823)
<i>Total Other Financing Sources (Uses)</i>	<u>(124,400)</u>	<u>124,823</u>	<u>115,000</u>	<u>115,423</u>
<i>Net Change in Fund Balances</i>	1,861,920	11,964	261,240	2,135,124
<i>Fund Balances Beginning of Year</i>	<u>1,686,251</u>	<u>650,834</u>	<u>1,614,354</u>	<u>3,951,439</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,548,171</u></u>	<u><u>\$662,798</u></u>	<u><u>\$1,875,594</u></u>	<u><u>\$6,086,563</u></u>

See accompanying notes to the basic financial statements

West Branch Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Net Change in Fund Balances -Total Governmental Funds	\$2,135,124
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:	
Capital Asset Additions	552,891
Current Year Depreciation	<u>(1,820,010)</u>
Total	(1,267,119)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	145,065
Grants	(48,937)
Tuition and Fees	2,825
Miscellaneous	<u>(33,497)</u>
Total	65,456
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	722,164
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued Interest	1,577
Amortization of Deferred Charge on Refunding	<u>(4,035)</u>
Total	(2,458)
Other financing sources in the governmental funds, such as inception of lease, increase long-term liabilities in the statement of net position.	
	(115,423)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	1,662,735
OPEB	<u>46,643</u>
Total	1,709,378
Except for amounts reported as deferred outflows/inflows, changes in net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:	
Pension	782,356
OPEB	<u>229,156</u>
Total	1,011,512
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(14,418)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$4,244,216</u></u>

See accompanying notes to the basic financial statements

West Branch Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$5,429,162	\$5,703,143	\$5,703,144	\$1
Intergovernmental	12,005,718	13,395,036	13,409,880	14,844
Interest	39,543	36,520	45,156	8,636
Charges for Services	153,395	79,898	82,098	2,200
Tuition and Fees	2,639,287	580,510	580,510	0
Extracurricular Activities	41,332	38,760	38,760	0
Rentals	0	450	450	0
Contributions and Donations	40,870	24,850	24,850	0
Payments in Lieu of Taxes	788	4,995	4,995	0
Miscellaneous	306,153	44,029	47,475	3,446
<i>Total Revenues</i>	<u>20,656,248</u>	<u>19,908,191</u>	<u>19,937,318</u>	<u>29,127</u>
Expenditures				
Current:				
Instruction:				
Regular	7,691,736	8,724,166	8,651,167	72,999
Special	1,826,763	2,399,443	2,336,190	63,253
Vocational	144,756	192,870	188,271	4,599
Support Services:				
Pupils	914,232	1,122,978	1,111,210	11,768
Instructional Staff	594,853	707,741	702,248	5,493
Board of Education	14,530	34,573	34,573	0
Administration	1,301,461	1,620,156	1,596,510	23,646
Fiscal	342,154	453,163	453,104	59
Business	18,125	40,908	40,908	0
Operation and Maintenance of Plant	1,213,920	2,055,474	1,956,261	99,213
Pupil Transportation	736,186	1,194,389	1,077,727	116,662
Central	52,918	74,530	74,530	0
Extracurricular Activities	306,651	248,130	247,001	1,129
Operation of Non-Instructional Services	33,423	30,645	27,650	2,995
<i>Total Expenditures</i>	<u>15,191,708</u>	<u>18,899,166</u>	<u>18,497,350</u>	<u>401,816</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	5,464,540	1,009,025	1,439,968	430,943
Other Financing Sources (Uses)				
Transfers Out	(166,362)	(239,823)	(239,823)	0
<i>Net Change in Fund Balance</i>	5,298,178	769,202	1,200,145	430,943
<i>Fund Balance Beginning of Year</i>	2,693,589	2,693,589	2,693,589	0
Prior Year Encumbrances Appropriated	714,529	714,529	714,529	0
<i>Fund Balance End of Year</i>	<u>\$8,706,296</u>	<u>\$4,177,320</u>	<u>\$4,608,263</u>	<u>\$430,943</u>

See accompanying notes to the basic financial statements

West Branch Local School District

Statement of Fiduciary Net Position

Private Purpose Trust Fund

June 30, 2022

	<u>Sisilia Humeniuk Scholarship</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$25,466
Liabilities	
	<u>0</u>
Net Position	
Held in Trust for Scholarships	<u>\$25,466</u>

See accompanying notes to the basic financial statements

West Branch Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2022

	Sisilia Humeniuk Scholarship
Additions	
Interest	\$67
Deductions	
College Scholarships Awarded	2,999
<i>Change in Net Position</i>	(2,932)
<i>Net Position Beginning of Year</i>	28,398
<i>Net Position End of Year</i>	\$25,466

See accompanying notes to the basic financial statements

This page intentionally left blank.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 – Description of the School District and Reporting Entity

West Branch Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's four instructional/support facilities staffed by 146 certified employees and 103 classified employees who provide services to 1,678 students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District is associated with two jointly governed organizations and two risk sharing pools. These organizations are the Area Cooperative Computerized Education Service System, the Mahoning County Career and Technical Center, Ohio Association of School Business Officials Workers' Compensation Group Rating Program and the Mahoning County School Employees Insurance Consortium. These organizations are presented in Notes 15 and 16 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. In reporting its financial activities, the School District uses two categories of funds: governmental 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 and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund The bond retirement fund is used to account for and report tax levies that are restricted for the repayment of general obligation bonds of the School District.

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund is a private purpose trust which accounts for a college scholarship program for students.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and 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 (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Basis of Accounting

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

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 8). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge 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 or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 17 and 18.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 17 and 18.)

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

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

Deferred Charges on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Pensions/Other Postemployment Benefits (OPEB)

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

Cash and Cash Equivalents

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

During fiscal year 2022, investments were limited to commercial paper, STAR Ohio, money market accounts, negotiable certificates of deposit, US treasury notes, federal farm credit bank notes, federal home loan bank notes, federal home loan mortgage corporation notes and federal national mortgage association notes.

Investments, except for commercial paper and STAR Ohio, are reported at fair value which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

During fiscal year 2022, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Investments are reported at fair value which is based on quoted market prices. The fair value of investments related declined during fiscal year 2022 resulting in negative investment earnings of \$59,906.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to (\$53,679), of which (\$18,025) was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Inventory

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

Capital Assets

The School District’s only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Building and Improvements	25 - 50 years
Furniture and Fixtures	5 - 20 years
Intangible Right to Use Lease	3-6 years
Vehicles	6 - 10 years
Textbooks and Library Books	6 years

The School District is reporting an intangible right to use asset related to leased equipment. This intangible asset is being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

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

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

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the funds from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the 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. Bonds and leases are recognized as a liability on the governmental fund financial statements when due.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments. Restricted assets in the general fund include amounts required by State statute to be set aside for capital improvements. See Note 20 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense/expenditure in the year in which services are consumed.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” Interfund balances are eliminated in the statement of net position.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State statute. The Board of Education assigned fund balances for special trust, uniform school supplies, public school support and self insurance.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for auxiliary services and extracurricular activities.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Estimates

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

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund.

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

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

Note 3 – Accountability

At June 30, 2022, the title VI-B special revenue fund had a deficit fund balance of \$16,090.

This deficit is the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments are reported at cost (budget) rather than fair value (GAAP).
3. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.
4. Budgetary revenues and expenditures of the special trust, uniform school supplies, public school support and self-insurance funds are classified to general fund for GAAP reporting.
5. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
6. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund:

Net Change in Fund Balance	General
GAAP Basis	\$1,861,920
Net Adjustment for Revenue Accruals	(217,666)
Beginning Fair Value Adjustment	
for Investments	35,693
Ending Fair Value Adjustment	
for Investments	59,906
Beginning Unrecorded Cash	634
Perspective Difference:	
Special Trust	627
Uniform School Supplies	(62,731)
Public School Support	6,707
Self-Insurance	(13,114)
Net Adjustment for Expenditure Accruals	356,068
Encumbrances	(827,899)
Budget Basis	\$1,200,145

Note 5 – Tax Abatements

School District property taxes were reduced by \$6,297 under community reinvestment area agreements entered into by the Village of Sebring.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 6 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepaid Items	\$15,759	\$0	\$1,012	\$16,771
Materials and Supplies	0	0	1,706	1,706
<i>Total Nonspendable</i>	15,759	0	2,718	18,477
<i>Restricted for</i>				
Food Service Operations	0	0	453,518	453,518
Endowments and Scholarships	0	0	102,472	102,472
Classroom Facilities Maintenance	0	0	144,655	144,655
Athletics	0	0	217,054	217,054
Student Programs	0	0	52,534	52,534
State and Federal Grants	0	0	534,292	534,292
Set Asides - Construction and Renovation	49,006	0	0	49,006
Debt Service Payments	0	662,798	0	662,798
Capital Improvements	0	0	222,499	222,499
<i>Total Restricted</i>	49,006	662,798	1,727,024	2,438,828
<i>Committed to</i>				
Education Programs	0	0	162,280	162,280
ComDoc	13,344	0	0	13,344
<i>Total Committed</i>	13,344	0	162,280	175,624
<i>Assigned to</i>				
Special Trust	1,294	0	0	1,294
Uniform School Supplies	326,524	0	0	326,524
Public School Support	80,848	0	0	80,848
Self Insurance	136,537	0	0	136,537
Purchases on Order				
Instruction	179,047	0	0	179,047
Support Services	408,595	0	0	408,595
Operation of Non-Instructional Services	500	0	0	500
Extracurricular	342	0	0	342
<i>Total Assigned</i>	1,133,687	0	0	1,133,687
<i>Unassigned (Deficit)</i>	2,336,375	0	(16,428)	2,319,947
<i>Total Fund Balances</i>	\$3,548,171	\$662,798	\$1,875,594	\$6,086,563

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 7 – Deposits and Investments

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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.

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

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

7. The State Treasurer’s investment pool (STAR Ohio); and
8. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Amortized Cost				
Commercial Paper	\$415,200	Less than one year	A-1	4.97%
Net Asset Value (NAV) per share:				
STAR Ohio	5,422,993	Average 35.3 Days	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Accounts	3,755	Less than one year	N/A	0.04%
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	335,071	Less than one year	N/A	4.01%
Negotiable Certificates of Deposit	269,074	Less than two years	N/A	3.22%
Negotiable Certificates of Deposit	103,724	Less than four years	N/A	1.24%
US Treasury Notes	278,405	Less than one year	AA+	3.33%
US Treasury Notes	96,426	Less than two years	AA+	1.15%
Federal Farm Credit Bank Notes	147,463	Less than one year	A-1+	1.76%
Federal Farm Credit Bank Notes	297,213	Less than two years	AA+	3.55%
Federal Farm Credit Bank Notes	93,349	Less than three years	AA+	1.12%
Federal Home Loan Bank Notes	343,724	Less than one year	AAA	4.11%
Federal Home Loan Mortgage Corporation Notes				
	116,434	Less than two years	AA+	1.39%
Federal Home Loan Mortgage Corporation Notes				
	220,494	Less than four years	AA+	2.64%
Federal National Mortgage Association Notes				
	116,414	Less than two years	AA+	1.39%
Federal National Mortgage Association Notes				
	101,338	Less than four years	AA+	1.21%
Total	<u>\$8,361,077</u>			

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk This type of risk is defined by the Governmental Accounting Standards Board as having investments of five percent or more in the securities of a single issuer. The School District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised 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 2022 represent the collection of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Portage, Columbiana and Mahoning Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2022, was \$233,380 in the general fund, \$23,185 in the bond retirement debt service fund and \$4,842 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2021, was \$94,716 in the general fund, \$9,825 in the bond retirement debt service fund and \$1,612 in the classroom facilities maintenance special revenue fund.

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$260,450,340	87.19%	\$264,690,240	87.05%
Public Utility Personal	38,259,940	12.81	39,391,720	12.95
Total	\$298,710,280	100.00%	\$304,081,960	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$32.60		\$32.60	

Note 9 – Receivables

Receivables at June 30, 2022, consisted of taxes, accrued interest, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Elementary and Secondary School Emergency Relief Grant	\$337,471
Foundation Adjustments	104,056
Title VI-B Grant	93,713
Title I Grant	64,720
SERS True-up	40,457
Miscellaneous Federal Grants	30,000
Reducing Class Size Grant	10,466
Drug Free Grant	9,675
Medicaid Reimbursement	1,012
Preschool Handicapped Grant	914
Total	\$692,484

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 10 – Capital Assets

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

	Restated Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Nondepreciable Capital Assets				
Land	\$643,930	\$0	\$0	\$643,930
Construction in Progress	0	231,749	0	231,749
<i>Total Nondepreciable Capital Assets</i>	<u>643,930</u>	<u>231,749</u>	<u>0</u>	<u>875,679</u>
Depreciable Capital Assets				
Land Improvements	3,651,728	0	0	3,651,728
Buildings and Improvements	49,866,160	0	0	49,866,160
Furniture and Equipment	1,616,747	28,373	0	1,645,120
Intangible Right to Use Lease - Equipment**	5,145	115,423	0	120,568
Vehicles	2,008,043	177,346	(116,118)	2,069,271
Textbooks and Library Books	1,039,896	0	0	1,039,896
<i>Total at Historical Cost</i>	<u>58,187,719</u>	<u>321,142</u>	<u>(116,118)</u>	<u>58,392,743</u>
Less: Accumulated Depreciation				
Land Improvements	(3,159,188)	(120,080)	0	(3,279,268)
Buildings and Improvements	(26,958,848)	(1,524,442)	0	(28,483,290)
Furniture and Equipment	(1,361,575)	(80,717)	0	(1,442,292)
Intangible Right to Use Lease - Equipment**	0	(12,494)	0	(12,494)
Vehicles	(1,752,926)	(82,277)	116,118	(1,719,085)
Textbooks and Library Books	(1,039,896)	0	0	(1,039,896)
<i>Total Accumulated Depreciation</i>	<u>(34,272,433)</u>	<u>(1,820,010) *</u>	<u>116,118</u>	<u>(35,976,325)</u>
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	<u>23,915,286</u>	<u>(1,498,868)</u>	<u>0</u>	<u>22,416,418</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$24,559,216</u>	<u>(\$1,267,119)</u>	<u>\$0</u>	<u>\$23,292,097</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$1,594,098
Special	1,551
Vocational	1,712
Support Services	
Pupils	834
Instructional Staff	1,607
Administration	12,494
Operation and Maintenance of Plant	89,481
Pupil Transportation	78,478
Extracurricular Activities	29,459
Operation of Food Service	10,296
Total Depreciation Expense	<u><u>\$1,820,010</u></u>

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

** Of the current year depreciation total of \$1,820,010, \$12,494 is presented as general government expense on the Statement of Activities related to the School District's intangible asset of copiers and a postage machine, which are included in the above table as Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 11 – Long-Term Obligations

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Series 2010 Energy Conservation Bonds	2.34%	\$1,556,048	2023
Series 2017 Classroom Facilities Refunding Bonds	2.22	3,945,000	2024

Changes in long-term obligations of the School District during fiscal year 2022 were as follows:

	Restated Principal Outstanding June 30, 2021	Additions	Deductions	Principal Outstanding June 30, 2022	Amount Due in One Year
General Obligation Debt					
Energy Conservation Bonds	\$259,348	\$0	(\$129,670)	\$129,678	\$129,678
Classroom Facilities Refunding Bonds	1,770,000	0	(580,000)	1,190,000	590,000
<i>Total General Obligation Debt</i>	<u>2,029,348</u>	<u>0</u>	<u>(709,670)</u>	<u>1,319,678</u>	<u>719,678</u>
Other Long-Term Obligations					
Net Pension Liability:					
SERS	5,041,867	0	(2,323,825)	2,718,042	0
STRS	18,557,841	0	(8,930,297)	9,627,544	0
Total Net Pension Liability	<u>23,599,708</u>	<u>0</u>	<u>(11,254,122)</u>	<u>12,345,586</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,722,557	0	(289,558)	1,432,999	0
Leases Payable - From Direct Placement	5,145	115,423	(12,494)	108,074	23,816
Compensated Absences	612,582	386,161	(371,743)	627,000	329,514
<i>Total Other Long-Term Obligations</i>	<u>25,939,992</u>	<u>501,584</u>	<u>(11,927,917)</u>	<u>14,513,659</u>	<u>353,330</u>
<i>Total Long-Term Liabilities</i>	<u><u>\$27,969,340</u></u>	<u><u>\$501,584</u></u>	<u><u>(\$12,637,587)</u></u>	<u><u>\$15,833,337</u></u>	<u><u>\$1,073,008</u></u>

Compensated absences will be paid from the general fund and the food service special revenue funds. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the general fund and the food service, student activities, athletics and music, student wellness and success, title VI-B, title I, preschool grant, class size reduction, and miscellaneous federal grants special revenue funds. See Notes 17 and 18 for additional information related to the net pension/OPEB liabilities.

On September 10, 2010, the School District issued \$1,556,048 in energy conservation improvement bonds (federally taxable qualified school construction bonds). The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the School District's buildings. These bonds bear an annual interest rate of 4.67 percent and are scheduled to mature in fiscal year 2023. The bonds will be retired from the bond retirement fund.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

On April 20, 2017, the School District issued general obligation bonds, in the amount of \$3,945,000, to refund the callable portion of the Series 2007 current interest general obligation bonds in order to take advantage of lower interest rates. The bonds were issued with an interest rate of 2.2 percent. The bonds were issued for a seven year period with a final maturity at December 1, 2023. The bonds will be retired from the bond retirement fund.

The proceeds of \$3,945,000 plus School District contributions of \$141,655 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2022, \$1,240,000 of the defeased bonds were still outstanding.

The overall debt margin of the School District as of June 30, 2022, was \$26,840,174 with an unvoted debt margin of \$304,082. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30	Energy Conservation Improvement Bonds - Series 2010		
	Principal	Interest	Total
2023	\$129,678	\$3,028	\$132,706
Fiscal Year Ending June 30	Classroom Facilities Refunding Bonds - Series 2017		
	Principal	Interest	Total
2023	\$590,000	\$19,869	\$609,869
2024	600,000	6,660	606,660
Total	\$1,190,000	\$26,529	\$1,216,529

Lease Payable - The School District entered into lease agreements for copiers and a postage meter. Due to the implementation of GASB Statement No. 87, these leases have met the criteria of leases thus requiring it to be recorded by the School District. The leases will be amortized over the lease term since it is shorter than the useful life due to the School District not taking ownership of these copiers and postage meter. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Direct Placement	
	Principal	Interest
2023	\$23,816	\$2,917
2024	24,386	2,192
2025	23,413	1,476
2026	24,124	764
2027	12,335	108
Total	\$108,074	\$7,457

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 12 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Teachers and most administrators do not earn vacation. Accumulated unused vacation is paid to classified employees and administrators upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit up to a maximum of 60 days for those employees with 10 to 19 years of continuous service to the School District, and 65 days for those with 20 or more years of continuous service.

Note 13 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2022 have been finalized. These amounts are reserved in intergovernmental receivables and payables.

Litigation

The School District is not a party to any material legal proceedings.

Note 14 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the School District contracted with Liberty Mutual for the following insurance coverage:

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Type of Coverage	Coverage Amount
Building and Contents - Replacement Cost (\$2,500 deductible)	\$102,184,091
Equipment Breakdown (\$2,500 deductible)	included above
Inland Marine (\$500 deductible)	included above
Commercial Auto	1,000,000
Uninsured Motorists (\$500 deductible on Comp and Collision)	1,000,000
General Liability	1,000,000 / 2,000,000
Crime Insurance/Employee Dishonesty (\$250 deductible)	500,000
Physical Damage Comprehensive and Collision	Actual Cash Value
Employer Stop Gap Liability	1,000,000 / 2,000,000
School Leaders Errors and Omissions (\$2,500 deductible)	1,000,000
School Law Enforcement Professional Liability (\$2,500 deductible)	1,000,000 / 2,000,000
Sexual Misconduct and Molestation Liability	1,000,000
Commercial Umbrella Liability	1,000,000
Data Compromise (\$2,500 deductible)	250,000

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

Employee Health Benefits

For fiscal year 2022, the School District was a participant in the Mahoning County School Employees Insurance Consortium (the “Consortium”) to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Anthem.

Contribution rates are calculated and set through an annual update process. The School District pays a monthly contribution which is placed in a common fund from which claims or payments are made for all participating school districts and claims are paid for all participants regardless of claims flow. The Consortium is responsible for paying health plan claims up to \$135,000 per individual per year. Any claims exceeding the \$135,000 is covered by the School District’s stop-loss carrier.

The School District provides full-time employees with 87.5 percent Board paid hospitalization, prescription drug, dental and vision.

Worker’s Compensation

For fiscal year 2022, the School District participated in the Ohio Association of School Business Officials Workers’ Compensation Group Rating Program (GRP), an insurance rating pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the program. The participating school districts pay experience or rate based premiums to the Bureau of Workers’ Compensation (BWC). The total premium for the entire group is the standard premium of the group. Participation in the program is limited to school districts that can meet the GRP’s selection criteria. The firm of Comp Management, a Sedgwick CMS Company, provides administrative, cost control, and actuarial services for the program.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 – Jointly Governed Organizations

Area Cooperative Computerized Education Service System (ACCESS) The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among 26 school districts and 2 educational service 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 the member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge based upon a per pupil charge before any e-rate credits. West Branch Local School District paid \$93,463 to ACCESS during fiscal year 2022. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at 493 Bev Road, Unit 1, Boardman, Ohio 44512.

Mahoning County Career and Technical Center The Mahoning County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2022. To obtain financial information, write to the Treasurer of the Mahoning County Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

Note 16 – Public Entity Pools

Insurance Purchasing Pool

Ohio Association of School Business Officials Workers' Compensation Group Rating Program The School District participates in the a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as the coordinator of the GRP. Each year, participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Shared Risk Pool

Mahoning County School Employees Insurance Consortium The School District participates in the Mahoning County Schools Employees Insurance Consortium (Consortium). This is a shared risk pool composed of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 17 – 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 represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 18 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$361,440 for fiscal year 2022. Of this amount \$35,357 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 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, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account, and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The School District's contractually required contribution to STRS was \$1,301,295 for fiscal year 2022. Of this amount \$232,167 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07366550%	0.075298143%	
Prior Measurement Date	0.07622780%	0.076696570%	
Change in Proportionate Share	<u>-0.00256230%</u>	<u>-0.001398427%</u>	
Proportionate Share of the Net Pension Liability	\$2,718,042	\$9,627,544	\$12,345,586
Pension Expense	(\$295,104)	(\$487,252)	(\$782,356)

At June 30, 2022, the School 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	\$262	\$297,445	\$297,707
Changes of assumptions	57,234	2,670,854	2,728,088
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	97,521	97,521
School District contributions subsequent to the measurement date	<u>361,440</u>	<u>1,301,295</u>	<u>1,662,735</u>
Total Deferred Outflows of Resources	<u>\$418,936</u>	<u>\$4,367,115</u>	<u>\$4,786,051</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$70,490	\$60,345	\$130,835
Net difference between projected and actual earnings on pension plan investments	1,399,872	8,297,101	9,696,973
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>161,340</u>	<u>628,420</u>	<u>789,760</u>
Total Deferred Inflows of Resources	<u>\$1,631,702</u>	<u>\$8,985,866</u>	<u>\$10,617,568</u>

\$1,662,735 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	(\$468,855)	(\$1,468,645)	(\$1,937,500)
2024	(342,835)	(1,304,642)	(1,647,477)
2025	(332,839)	(1,426,708)	(1,759,547)
2026	<u>(429,677)</u>	<u>(1,720,051)</u>	<u>(2,149,728)</u>
Total	<u><u>(\$1,574,206)</u></u>	<u><u>(\$5,920,046)</u></u>	<u><u>(\$7,494,252)</u></u>

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

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

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

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,522,157	\$2,718,042	\$1,196,556

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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

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

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

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

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$18,028,787	\$9,627,544	\$2,528,512

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Note 18 – Defined Benefit OPEB Plans

See Note 17 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$46,643.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$46,643 for fiscal year 2022, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.07571660%	0.075298143%	
Prior Measurement Date	<u>0.07925900%</u>	<u>0.076696570%</u>	
Change in Proportionate Share	<u>-0.00354240%</u>	<u>-0.001398427%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,432,999	\$0	\$1,432,999
Net OPEB (Asset)	\$0	(\$1,587,598)	(\$1,587,598)
OPEB Expense	(\$84,864)	(\$144,292)	(\$229,156)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$15,275	\$56,530	\$71,805
Changes of assumptions	224,803	101,409	326,212
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	30,449	30,449
School District contributions subsequent to the measurement date	<u>46,643</u>	<u>0</u>	<u>46,643</u>
Total Deferred Outflows of Resources	<u>\$286,721</u>	<u>\$188,388</u>	<u>\$475,109</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$713,698	\$290,877	\$1,004,575
Changes of assumptions	196,237	947,119	1,143,356
Net difference between projected and actual earnings on OPEB plan investments	31,132	440,055	471,187
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>284,308</u>	<u>87,156</u>	<u>371,464</u>
Total Deferred Inflows of Resources	<u>\$1,225,375</u>	<u>\$1,765,207</u>	<u>\$2,990,582</u>

\$46,643 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$230,857)	(\$467,043)	(\$697,900)
2024	(231,075)	(456,029)	(687,104)
2025	(221,689)	(407,407)	(629,096)
2026	(178,842)	(184,487)	(363,329)
2027	(93,231)	(63,183)	(156,414)
Thereafter	<u>(29,603)</u>	<u>1,330</u>	<u>(28,273)</u>
Total	<u>(\$985,297)</u>	<u>(\$1,576,819)</u>	<u>(\$2,562,116)</u>

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$1,775,659	\$1,432,999	\$1,159,257
		Current	
	1% Decrease (5.75% decreasing to 3.40%)	Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,103,292	\$1,432,999	\$1,873,386

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

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

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 17.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School District’s Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,339,689)	(\$1,587,598)	(\$1,794,692)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,786,301)	(\$1,587,598)	(\$1,341,887)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

Note 19 – Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2022, consist of the following individual fund receivables and payables:

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	Interfund Receivable
Interfund Payable	General
Other Governmental Funds	
Athletics and Music	\$300
Elementary and Secondary School Emergency Relief	3,226
Title VI-B	29,653
Title I	11,534
Drug Free Grant	5,961
Grand Total	\$50,674

The interfund receivables and payables are advances due to the timing of the receipt of grant monies received by various funds and to help cover costs of athletic activities until reimbursement can be made. The general fund provides money to operate the programs until grants are received and the advances can be repaid. These advances are expected to be repaid within the next fiscal year.

Interfund Transfers

During fiscal year 2022, the general fund transferred \$35,000 to the lunchroom special revenue fund to support food operations, \$80,000 to the athletics and music special revenue fund to provide financial support for the School District's athletics, and \$124,823 to the bond retirement debt service fund for the payment of debt obligations.

Note 20 – Set Asides

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

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

	Capital Improvements
Set Aside Balance as of June 30, 2021	\$0
Current Year Set-aside Requirement	322,673
Current Year Offsets	(163,133)
Qualifying Disbursements	(110,534)
Total	\$49,006
Set-aside Balance Carried	
Forward to Future Fiscal Years	\$49,006
Set Aside Balance as of June 30, 2022	\$49,006

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The School District has qualifying disbursements and offsets during fiscal year that did not reduced the set-aside amounts to below zero for the capital acquisitions set-asides. The total reserve balance for the set-aside at the end of the fiscal year was \$49,006.

Note 21 – Encumbrances

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

Governmental Funds	
General	\$827,899
Other Governmental Funds	<u>821,966</u>
<i>Total Governmental Funds</i>	<u><u>\$1,649,865</u></u>

Note 22 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principles

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District’s 2022 financial statements. The School District recognized \$5,145 in leases payable at July 1, 2021 which was offset by the intangible asset, right to use lease – equipment.

The School District is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92 – *Omnibus 2020*, and GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

During fiscal year 2022, the School District revised its capital asset amounts to match the reports from its valuation company resulting in an adjustment to the net capital assets as reported from June 30, 2021. The restatement for net capital assets had the following effect on net position as of June 30, 2021:

West Branch Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	Governmental Activities
Net Position June 30, 2021	<u>\$4,577,778</u>
Adjustments:	
Capital Assets, Net	<u>(786,477)</u>
Restated Net Position June 30, 2021	<u><u>\$3,791,301</u></u>

Note 23 – COVID-19

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

Required Supplementary Information

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

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.07366550%	0.07622780%	0.08075970%	0.08651230%
School District's Proportionate Share of the Net Pension Liability	\$2,718,042	\$5,041,867	\$4,831,995	\$4,954,721
School District's Covered Payroll	\$2,512,007	\$2,670,343	\$2,760,867	\$2,581,563
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.20%	188.81%	175.02%	191.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.08822020%	0.09358950%	0.09131470%	0.08634600%	0.08634600%
\$5,270,963	\$6,849,888	\$5,210,505	\$4,369,922	\$5,134,719
\$2,730,543	\$2,925,800	\$2,749,052	\$2,509,048	\$2,673,150
193.04%	234.12%	189.54%	174.17%	192.08%
69.50%	62.98%	69.16%	71.70%	65.52%

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

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.07571660%	0.07925900%	0.08259290%
School District's Proportionate Share of the Net OPEB Liability	\$1,432,999	\$1,722,557	\$2,077,037
School District's Covered Payroll	\$2,512,007	\$2,670,343	\$2,760,867
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	57.05%	64.51%	75.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.08759060%	0.08943180%	0.09473870%
\$2,430,000	\$2,400,114	\$2,700,403
\$2,581,563	\$2,730,543	\$2,925,800
94.13%	87.90%	92.30%
13.57%	12.46%	11.49%

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

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.075298143%	0.076696570%	0.07912612%	0.07828052%
School District's Proportionate Share of the Net Pension Liability	\$9,627,544	\$18,557,841	\$17,498,266	\$17,212,129
School District's Covered Payroll	\$9,187,021	\$9,233,086	\$9,303,686	\$8,920,100
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.80%	200.99%	188.08%	192.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.07675388%	0.08222697%	0.07891080%	0.08033910%	0.08033910%
\$18,233,048	\$27,523,845	\$21,808,637	\$19,541,249	\$23,277,409
\$8,530,407	\$8,750,200	\$8,306,171	\$8,208,438	\$8,954,846
213.74%	314.55%	262.56%	238.06%	259.94%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2022	2021	2020
School District's Proportion of the Net OPEB (Asset) Liability	0.075298143%	0.076696570%	0.07912612%
School District's Proportionate Share of the:			
Net OPEB Asset	\$1,587,598	\$1,347,941	\$1,310,518
Net OPEB Liability	0	0	0
School District's Covered Payroll	\$9,187,021	\$9,233,086	\$9,303,686
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(18.20%)	(14.60%)	(14.09%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.07828052%	0.07675388%	0.08222697%
\$1,257,888 0	\$0 2,994,653	\$0 4,397,520
\$8,920,100	\$8,530,407	\$8,750,200
(14.10%)	35.11%	50.26%
176.00%	47.10%	37.30%

West Branch Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$361,440	\$351,681	\$373,848	\$372,717
Contributions in Relation to the Contractually Required Contribution	<u>(361,440)</u>	<u>(351,681)</u>	<u>(373,848)</u>	<u>(372,717)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,581,714	\$2,512,007	\$2,670,343	\$2,760,867
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$46,643	\$47,524	\$51,663	\$63,420
Contributions in Relation to the Contractually Required Contribution	<u>(46,643)</u>	<u>(47,524)</u>	<u>(51,663)</u>	<u>(63,420)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.81%</u>	<u>1.89%</u>	<u>1.93%</u>	<u>2.30%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.81%</u>	<u>15.89%</u>	<u>15.93%</u>	<u>15.80%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$348,511	\$382,276	\$409,612	\$362,325	\$347,754	\$369,964
(348,511)	(382,276)	(409,612)	(362,325)	(347,754)	(369,964)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,581,563	\$2,730,543	\$2,925,800	\$2,749,052	\$2,509,048	\$2,673,150
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
\$59,690	\$48,320	\$47,492	\$71,045	\$49,187	\$44,900
(59,690)	(48,320)	(47,492)	(71,045)	(49,187)	(44,900)
\$0	\$0	\$0	\$0	\$0	\$0
2.31%	1.77%	1.62%	2.58%	1.96%	1.68%
15.81%	15.77%	15.62%	15.76%	15.82%	15.52%

West Branch Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$1,301,295	\$1,286,183	\$1,292,632	\$1,302,516
Contributions in Relation to the Contractually Required Contribution	<u>(1,301,295)</u>	<u>(1,286,183)</u>	<u>(1,292,632)</u>	<u>(1,302,516)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$9,294,964	\$9,187,021	\$9,233,086	\$9,303,686
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB (Asset) Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$1,248,814	\$1,194,257	\$1,225,028	\$1,162,864	\$1,067,097	\$1,164,130
(1,248,814)	(1,194,257)	(1,225,028)	(1,162,864)	(1,067,097)	(1,164,130)
\$0	\$0	\$0	\$0	\$0	\$0
\$8,920,100	\$8,530,407	\$8,750,200	\$8,306,171	\$8,208,438	\$8,954,846
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
\$0	\$0	\$0	\$0	\$82,084	\$89,548
0	0	0	0	(82,084)	(89,548)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

West Branch Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

West Branch Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

West Branch Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS OPEB

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

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

West Branch Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

(This page intentionally left blank.)

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3L70	\$154,410	\$154,410
National School Lunch Program	10.555	3L60	917,546	917,546
Covid-19 Emergency CST and Pro Manf.	10.555		38,226	38,226
School Lunch Program non-cash assistance	10.555		88,558	88,558
Total Nutrition Cluster			1,198,740	1,198,740
Covid-19 Pandemic Electronic Benefits Transfer (P-EBT)	10.649		614	614
Total P-EBT			614	614
Total U.S. Department of Agriculture			1,199,354	1,199,354
U.S. DEPARTMENT OF THE FEDERAL COMMUNICATIONS COMMISSION				
Covid-19 Emergency Connectivity Fund	32.009			19,025
Total U.S. Department of the Federal Communications Commission				19,025
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies - 2021	84.010	C1-S1-21	68,898	72,830
Title I Grants to Local Educational Agencies - 2022	84.010	C1-S1-22	251,596	248,651
Total Title I Grants to Local Educational Agencies			320,494	321,481
Special Education Grants to States (IDEA, Part B) - 2021	84.027	6B-SF-21	84,978	75,415
Special Education Grants to States (IDEA, Part B) - 2022	84.027	6B-SF-22	396,140	398,175
Covid-19 Special Education Grants to States (IDEA, Part B) - 2022	84.027	6B-SF-22	63,098	63,097
Special Education Early Childhood - 2021	84.173	PG-S1-21	1,200	1,360
Special Education Early Childhood - 2022	84.173	PG-S1-22	8,365	8,245
Total Special Education Cluster			553,781	546,292
Improving Teacher Quality State Grants (Title II-A) - 2021	84.367	TR-S1-21	15,029	12,009
Improving Teacher Quality State Grants (Title II-A) - 2022	84.367	TR-S1-22	45,036	43,668
Total Improving Teacher Quality State Grants			60,065	55,677
Title IV-A - Student Support Academic Enrichment - 2021	84.424		1,896	
Title IV-A - Student Support Academic Enrichment - 2022	84.424		22,957	28,919
Total Title IV-A - Student Support Academic Enrichment			24,853	28,919
Education Stabilization Fund (ESF)				
Covid-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D		945,680	931,693
Covid-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		666,396	668,868
Total ESF/ESSER Grant			1,612,076	1,600,561
Total U.S. Department of Education			2,571,269	2,552,930
Total Federal Awards Receipts and Expenditures			\$ 3,770,623	\$ 3,771,309

The accompanying notes are an integral part of this schedule.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) includes the federal award activity of West Branch Local School District (the District's) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 not elected 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 program that benefitted from the use of those donated food commodities.

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

West Branch Local School District
Mahoning County
14277 Main Street
Beloit, Ohio 44609

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Branch Local School District, Mahoning County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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 purposes 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 were not 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

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

West Branch Local School District
Mahoning County
14277 Main Street
Beloit, Ohio 44609

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Branch Local School District's, Mahoning County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of West Branch Local School District's major federal programs for the year ended June 30, 2022. West Branch Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, West Branch Local School 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, 2022.

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies

in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

This page intentionally left blank.

**WEST BRANCH LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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

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)?	No
<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?	No
<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):	ESSER (AL # 84.425 D&U) Title I (AL # 84.010)
<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?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



WEST BRANCH LOCAL SCHOOL DISTRICT

MAHONING 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 3/28/2023

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

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