



OHIO AUDITOR OF STATE
KEITH FABER



**WESTERN RESERVE LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Western Reserve Local School District
Mahoning County
13850 Akron-Canfield Road
Berlin Center, Ohio 44401

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 Western Reserve 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 Western Reserve 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 21 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 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

July 27, 2023

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Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

This discussion and analysis of Western Reserve Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position increased \$1,028,610 from fiscal year 2021, due to a decrease in the net pension liability. The effects of GASB 68 and 75 distort the comparative analysis to follow in this MD&A due to the significant change in total expenses on a full accrual basis.
- Revenues for governmental activities totaled \$9,965,001 in 2022. Of this total, 89 percent consisted of general revenues while program revenues accounted for 11 percent.
- Program expenses totaled \$8,936,391. Instructional expenses made up 57 percent of this total while support services accounted for 31 percent. Other expenses rounded out the remaining 12 percent.
- The general fund balance was \$3,191,208 on a budget basis at fiscal year-end, an increase of 17 percent from the balance of \$2,733,555 at June 30, 2021.
- The District's total net pension liability decreased to \$4,681,691 from \$8,935,305 and the OPEB liability decreased to \$519,029, from \$543,015, a combined decrease of \$4,277,600. For more information on this liability see Notes 13 and 14 to the basic financial statements.

Using this Annual Financial Report

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

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

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially in 2022?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Position and the Statement of Activities, all activities of the School District are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins after the statement of activities. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2022 compared to 2021:

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Net Position (Table 1)			
Governmental Activities			
	2022	2021	Increase (Decrease)
Assets			
Current and Other Assets	\$10,255,311	\$9,241,595	\$1,013,716
Capital Assets, Net	19,926,659	20,735,243	(808,584)
<i>Total Assets</i>	30,181,970	29,976,838	205,132
Deferred Outflows of Resources			
Deferred Charge on Refunding	621,147	663,862	(42,715)
Pension	1,988,281	1,643,782	344,499
OPEB	263,256	238,370	24,886
<i>Total Deferred Outflows of Resources</i>	2,872,684	2,546,014	326,670
Liabilities			
Current Liabilities	1,031,708	1,019,489	12,219
Long-Term Liabilities			
Due within One Year	462,945	482,975	(20,030)
Due in More than One Year:			
Net Pension Liability	4,681,691	8,935,305	(4,253,614)
Net OPEB Liability	519,029	543,015	(23,986)
Other Amounts	8,943,337	9,262,800	(319,463)
<i>Total Liabilities</i>	15,638,710	20,243,584	(4,604,874)
Deferred Inflows of Resources			
Property Taxes	4,035,501	3,887,853	147,648
Pension	4,004,531	121,717	3,882,814
OPEB	1,006,789	929,185	77,604
<i>Total Deferred Inflows of Resources</i>	9,046,821	4,938,755	4,108,066
Net Position			
Net Investment in Capital Assets	11,932,474	12,368,719	(436,245)
Restricted	1,939,526	1,592,680	346,846
Unrestricted (Deficit)	(5,502,877)	(6,620,886)	1,118,009
<i>Total Net Position</i>	\$8,369,123	\$7,340,513	\$1,028,610

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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

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

By comparing assets, deferred outflows of resources, liabilities and deferred inflows of resources, one can see the overall position of the School District has increased as evidenced by the overall increase in net position of \$1,028,610. The increase in unrestricted net position of \$1,118,009 was significant.

Table 2 shows the changes in net position for fiscal year 2022 compared to fiscal year 2021.

Table 2 - Change in Net Position
Governmental Activities

	2022	2021	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$363,727	\$1,494,176	(\$1,130,449)
Operating Grants and Contributions	776,839	843,727	(66,888)
<i>Total Program Revenues</i>	<u>1,140,566</u>	<u>2,337,903</u>	<u>(1,197,337)</u>
General Revenues			
Property Taxes	4,063,378	3,802,140	261,238
Intergovernmental	4,333,090	2,994,629	1,338,461
Investment Earnings	18,637	12,281	6,356
Miscellaneous	409,330	96,562	312,768
<i>Total General Revenues</i>	<u>8,824,435</u>	<u>6,905,612</u>	<u>1,918,823</u>
<i>Total Revenues</i>	<u>\$9,965,001</u>	<u>\$9,243,515</u>	<u>\$721,486</u>
Program Expenses			
Instruction	5,069,917	5,561,467	(491,550)
Support Services	2,791,595	3,236,257	(444,662)
Operation of Food Services	326,153	338,867	(12,714)
Extracurricular Activities	464,726	390,886	73,840
Interest and Fiscal Charges	284,000	291,710	(7,710)
<i>Total Program Expenses</i>	<u>8,936,391</u>	<u>9,819,187</u>	<u>(882,796)</u>
<i>Change in Net Position</i>	<u>1,028,610</u>	<u>(575,672)</u>	<u>1,604,282</u>
Net Position Beginning of Year	<u>7,340,513</u>	<u>7,916,185</u>	<u>(575,672)</u>
<i>Net Position End of Year</i>	<u><u>\$8,369,123</u></u>	<u><u>\$7,340,513</u></u>	<u><u>\$1,028,610</u></u>

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five fiscal years. The certified negotiated union contract, effective through fiscal year 2025, includes a 2.0 percent increase in September of 2022, a 2.0 percent increase in September of 2023, and a 2.0 percent increase in September of 2024. The classified employee negotiated contract is effective through fiscal year 2024 and includes a .50 percent increase in July of 2021, a .50 percent increase in July of 2022, and a 1.0 percent increase in July of 2023. Based on the renewal of all expiring levies and no increase projected from the State in its next budget, the School District will be able to operate without a deficit in the general fund as projected in the School Districts five-year forecast until fiscal year 2026.

Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. Approximately 57 percent of the School District's budget is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass 31 percent. The remaining amount of program expenses, 12 percent, is budgeted to pay for other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 84 percent of total governmental revenue. Total revenues increased \$721,486 while expenses decreased \$882,796. The effects of GASB 68 and 75 distort this comparative analysis due to the significant impact changes made to cost of living adjustments enacted by the state pension board had on the District's share of the total pension/OPEB liability.

The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction	\$5,069,917	\$4,610,335	\$5,561,467	\$3,875,952
Support Services	2,791,595	2,752,979	3,236,257	3,006,971
Operation of Food Services	326,153	(154,594)	338,867	25,229
Extracurricular Activities	464,726	303,105	390,886	281,422
Interest and Fiscal Charges	284,000	284,000	291,710	291,710
<i>Total Expenses</i>	<u>\$8,936,391</u>	<u>\$7,795,825</u>	<u>\$9,819,187</u>	<u>\$7,481,284</u>

The table above reflects how the District funds its programs through program revenues. Instructional services, support services, co-curricular activities, and interest charges rely heavily on general revenues, while non-instructional and food services were partially funded by program revenues during the fiscal year. The large increase in instructional and support services is the byproduct of GASB 68 and 75 as previously discussed. To gain a better understanding of operations, please refer to the fund analysis on the next following pages.

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The School District's Funds

Information regarding the School District's major funds begins after the statement of activities. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, excluding other financing sources, of \$9,586,277 to offset expenditures, excluding other financing uses, of \$9,270,876. The net change in fund balance for the year was most significant in the general fund, which increased by \$422,199, due to increasing revenues outpacing expenditures during the fiscal year. The bond retirement debt service fund increased by \$46,059.

As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes and intergovernmental are the School District's largest revenue sources. They account for approximately 42 and 53 percent of total governmental revenue, respectively, and are a great source of financial support for the students of the Western Reserve Local School District.

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 School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management. The most significant fund to be budgeted is the main operating fund of the School District, the general fund.

For the general fund, actual budget basis revenue, excluding other financing sources, nearly matched final budget estimates varying by \$3,278. Original budget estimates of \$7,319,117 were less than the final budget estimates and actual revenues of \$7,612,029 and \$7,615,307, by \$292,912 and \$296,190, respectively. The variance was due to a conservative estimate at the beginning of the year.

Actual budget basis expenditures of \$7,458,437, excluding transfers, matched the final budget expenditures. Original budget basis expenditures, excluding transfers, of \$7,370,740 differed from final budget and actual expenditures by \$87,697. The variance was due to a conservative approach of estimating at the beginning of the year.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the School District had \$19,926,659 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, intangibles and textbooks. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021:

Table 4
Capital Assets at June 30 (Net of Depreciation/Amortization)

	<u>2022</u>	<u>2021</u>
Land	\$48,798	\$48,798
Land Improvements	266,495	324,297
Buildings and Improvements	19,116,401	19,811,104
Furniture, Fixtures and Equipment	246,011	300,067
Vehicles	145,379	186,759
Textbooks	38,531	64,218
Intangible Right to Use Lease	65,044	0
<i>Total</i>	<u>\$19,926,659</u>	<u>\$20,735,243</u>

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
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All capital assets, except land, are reported net of depreciation/amortization. As one can see, capital assets decreased during the fiscal year by \$808,584 due to current year depreciation/amortization of \$888,230 exceeding additions of \$79,646 during the fiscal year. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Debt

On September 16, 2009, the District issued \$11,243,164 in classroom facilities bonds for the construction of new schools. The bonds were issued for a twenty-seven-year period and will be paid using tax revenue from the debt service fund. The bond issue included \$6,280,000 in serial bonds with rates ranging from 2.5 to 4.375 percent, \$4,895,000 in term bonds with a rate of 4.75 percent and was issued at a premium of \$158,779.

During fiscal year 2016, the District advance refunded all but \$675,000 of these bonds. The refunding bonds were issued in the amount of \$8,860,000 and included an original issue premium of \$1,136,022. The advance refunding resulted in a net present value benefit of \$1,004,440 and an even higher overall cash flow savings for the District.

The refunding Bonds will be repaid over 20 years. The following table summarizes the District's outstanding long-term obligations at fiscal year-end.

Table 5
Outstanding Long-Term Obligations

	Governmental Activities	
	2022	2021
2016 Refunding Bonds, Including Premium	\$8,549,337	\$8,999,306
Lease	65,995	0
Financed Purchase	0	31,080
Compensated Absences	790,950	715,389
Net Pension Liability	4,681,691	8,935,305
Net OPEB Liability	519,029	543,015
Totals	\$14,607,002	\$19,224,095

The District made all of its scheduled payments during the fiscal year and is scheduled to make a payment of \$400,000 next fiscal year. For more information on the School District's long-term obligations, see Note 17 to the basic financial statements.

School District Outlook

The Western Reserve Local School District has continued to maintain a high level of service to our students, parents and community. The Western Reserve Local School District earned an "Excellent" rating on the State rating scale for eight consecutive years, fiscal year 2002 through fiscal year 2009. In fiscal year 2010 the District earned an "Excellent with Distinction" rating, meeting 26 out of the 26 State indicators. In fiscal years 2011 and 2012, the District again earned an "Excellent" rating. The School District's average cost per pupil is \$11,455, compared to the State average of \$13,387. The Board of Education and administration closely monitor its revenue and expenditures in accordance with its financial forecast and are doing everything in their power to make sure tax dollars are being used efficiently and effectively.

Western Reserve Local School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The financial future of the School District is not without its challenges. The School District is not anticipating any growth in State revenue, as evidenced by the current year's unpredictable budget. Not only is there no increase for our School District, but very possibly the District will have a reduction in funding. The implementation of HB110 will change open enrollment and other funding. Ohio is still in the process of trying to adjust its new school-funding model. Therefore, the School District relies heavily on its taxpayers to support its operations. The District's three emergency levies have been renewed for ten-year periods.

As a result of the challenges mentioned above, it is imperative that the School District's management continue to carefully and prudently plan in order to try to provide the resources required to meet student needs.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Cathy Romack, Treasurer, Western Reserve Local School District, 13850 Akron-Canfield Road, Berlin Center, Ohio 44401. The Treasurer may also be contacted by phone at 330-547-4100, or by email at cromack@wrls.k12.oh.us.

Western Reserve Local School District

Mahoning County, Ohio

*Statement of Net Position
June 30, 2022*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,200,605
Accrued Interest Receivable	3,162
Accounts Receivable	1,979
Intergovernmental Receivable	6,579
Property Taxes Receivable	4,358,964
Materials and Supplies Inventory	74,708
Net OPEB Asset	609,314
Nondepreciable Capital Assets	48,798
Depreciable Capital Assets, Net	19,877,861
<i>Total Assets</i>	<u>30,181,970</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	621,147
Pension	1,988,281
Other Postemployment Benefits	263,256
<i>Total Deferred Outflows of Resources</i>	<u>2,872,684</u>
Liabilities	
Accounts Payable	34,384
Accrued Wages and Benefits Payable	684,827
Intergovernmental Payable	181,024
Accrued Interest Payable	131,473
Long-Term Liabilities:	
Due Within One Year	462,945
Due In More Than One Year:	
Net Pension Liability	4,681,691
Other Postemployment Benefits Liability	519,029
Other Amounts Due in More than One Year	8,943,337
<i>Total Liabilities</i>	<u>15,638,710</u>
Deferred Inflows of Resources	
Property Taxes	4,035,501
Pension	4,004,531
Other Postemployment Benefits	1,006,789
<i>Total Deferred Inflows of Resources</i>	<u>9,046,821</u>
Net Position	
Net Investment in Capital Assets	11,932,474
Restricted for:	
Capital Projects	646,966
Debt Service	839,790
Other Purposes	385,457
Set-asides	67,313
Unrestricted (Deficit)	(5,502,877)
<i>Total Net Position</i>	<u>\$8,369,123</u>

See accompanying notes to the basic financial statements

Western Reserve Local School District

Mahoning County, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2022

	Program Revenues		Net (Expense)	
	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position	
Expenses			Governmental Activities	
Governmental Activities				
Current:				
Instruction:				
Regular	\$3,514,476	\$24,489	\$56,811	(\$3,433,176)
Special	1,289,771	163,653	136,500	(989,618)
Vocational	163,088	0	0	(163,088)
Adult/Continuing	17,850	0	10,174	(7,676)
Other	84,732	0	67,955	(16,777)
Support Services:				
Pupils	390,388	0	20,852	(369,536)
Instructional Staff	143,959	0	8,301	(135,658)
Board of Education	35,610	0	0	(35,610)
Administration	635,065	0	5,390	(629,675)
Fiscal	341,676	0	0	(341,676)
Business	16,237	0	0	(16,237)
Operation and Maintenance of Plant	697,123	688	3,385	(693,050)
Pupil Transportation	473,556	0	0	(473,556)
Central	57,981	0	0	(57,981)
Operation of Food Services	326,153	40,615	440,132	154,594
Extracurricular Activities	464,726	134,282	27,339	(303,105)
Interest and Fiscal Charges	284,000	0	0	(284,000)
Total Governmental Activities	\$8,936,391	\$363,727	\$776,839	(7,795,825)
General Revenues				
Property Taxes Levied for:				
				3,179,967
				649,208
				188,445
				45,758
Grants and Entitlements not				
				4,333,090
				18,637
				409,330
Total General Revenues				8,824,435
				1,028,610
				7,340,513
				\$8,369,123

See accompanying notes to the basic financial statements

Western Reserve Local School District
Mahoning County, Ohio

Balance Sheet
Governmental Funds
June 30, 2022

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,180,754	\$920,609	\$1,031,929	\$5,133,292
Accrued Interest Receivable	3,162	0	0	3,162
Accounts Receivable	1,979	0	0	1,979
Intergovernmental Receivable	4,046	0	2,533	6,579
Property Taxes Receivable	3,412,107	695,216	251,641	4,358,964
Materials and Supplies Inventory	74,708	0	0	74,708
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	67,313	0	0	67,313
<i>Total Assets</i>	<u>\$6,744,069</u>	<u>\$1,615,825</u>	<u>\$1,286,103</u>	<u>\$9,645,997</u>
Liabilities				
Accounts Payable	\$24,356	\$0	\$10,028	\$34,384
Accrued Wages and Benefits Payable	666,731	0	18,096	684,827
Intergovernmental Payable	175,792	0	5,232	181,024
<i>Total Liabilities</i>	<u>866,879</u>	<u>0</u>	<u>33,356</u>	<u>900,235</u>
Deferred Inflows of Resources				
Property Taxes	3,158,200	644,562	232,739	4,035,501
Unavailable Revenue - Property Taxes	216,256	42,982	16,125	275,363
<i>Total Deferred Inflows of Resources</i>	<u>3,374,456</u>	<u>687,544</u>	<u>248,864</u>	<u>4,310,864</u>
Fund Balances				
Nonspendable	81,134	0	0	81,134
Restricted	0	928,281	992,965	1,921,246
Committed	67,313	0	25,405	92,718
Assigned	44,369	0	0	44,369
Unassigned (Deficit)	2,309,918	0	(14,487)	2,295,431
<i>Total Fund Balances</i>	<u>2,502,734</u>	<u>928,281</u>	<u>1,003,883</u>	<u>4,434,898</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,744,069</u>	<u>\$1,615,825</u>	<u>\$1,286,103</u>	<u>\$9,645,997</u>

See accompanying notes to the basic financial statements

Western Reserve Local School District
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2022*

Total Governmental Fund Balances	\$4,434,898
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***Amounts reported for governmental activities in the
statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,926,659
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Property Taxes	275,363

The net pension and OPEB liabilities/assets are not due and payable in the current period and, therefore, are not reported in the funds.	
Deferred Outflows - Pension	1,988,281
Deferred Inflows - Pension	(4,004,531)
Net Pension Liability	(4,681,691)
Deferred Outflows - OPEB	263,256
Deferred Inflows - OPEB	(1,006,789)
OPEB Liability	(519,029)
OPEB Asset	609,314
Total	(7,351,189)

In the statement of activities, interest is accrued on outstanding general obligation bonds and loans, whereas in governmental funds, an interest expenditure is reported when due.	(131,473)
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Certain debt charges reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.	
Deferred Outflow on Refunded Bonds	621,147

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(7,750,000)
Lease	(65,995)
Unamortized Premium	(799,337)
Compensated Absences	(790,950)
Total	(9,406,282)

<i>Net Position of Governmental Activities</i>	<u><u>\$8,369,123</u></u>
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See accompanying notes to the basic financial statements

Western Reserve Local School District
Mahoning County, Ohio

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	\$3,181,280	\$649,241	\$234,380	\$4,064,901
Tuition and Fees	188,142	0	0	188,142
Interest	15,487	2,667	483	18,637
Charges for Services	0	0	40,615	40,615
Extracurricular Activities	35,818	0	98,464	134,282
Rentals	688	0	0	688
Contributions and Donations	13,539	0	24,174	37,713
Intergovernmental	4,203,802	96,127	772,287	5,072,216
Miscellaneous	25,820	0	3,263	29,083
<i>Total Revenues</i>	<u>7,664,576</u>	<u>748,035</u>	<u>1,173,666</u>	<u>9,586,277</u>
Expenditures				
Current:				
Instruction:				
Regular	3,561,459	0	56,611	3,618,070
Special	1,104,313	0	137,336	1,241,649
Vocational	160,948	0	0	160,948
Adult/Continuing	0	0	13,000	13,000
Other	11,009	0	73,723	84,732
Support Services:				
Pupils	334,003	0	34,701	368,704
Instructional Staff	116,251	0	11,935	128,186
Board of Education	30,206	0	0	30,206
Administration	683,829	0	5,000	688,829
Fiscal	342,961	12,226	4,431	359,618
Business	0	0	535	535
Operation and Maintenance of Plant	504,861	0	103,832	608,693
Pupil Transportation	427,990	0	0	427,990
Central	25,188	0	29,056	54,244
Operation of Food Services	0	0	289,343	289,343
Extracurricular Activities	240,076	0	136,801	376,877
Capital Outlay	0	0	79,646	79,646
Debt Service:				
Principal Retirement	0	395,000	44,731	439,731
Interest and Fiscal Charges	0	294,750	5,125	299,875
<i>Total Expenditures</i>	<u>7,543,094</u>	<u>701,976</u>	<u>1,025,806</u>	<u>9,270,876</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>121,482</u>	<u>46,059</u>	<u>147,860</u>	<u>315,401</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	380,247	0	0	380,247
Inception of Lease	0	0	79,646	79,646
Transfers In	0	0	79,530	79,530
Transfers Out	(79,530)	0	0	(79,530)
<i>Total Other Financing Sources (Uses)</i>	<u>300,717</u>	<u>0</u>	<u>159,176</u>	<u>459,893</u>
<i>Net Change in Fund Balances</i>	422,199	46,059	307,036	775,294
<i>Fund Balances Beginning of Year</i>	2,080,535	882,222	696,847	3,659,604
<i>Fund Balances End of Year</i>	<u>\$2,502,734</u>	<u>\$928,281</u>	<u>\$1,003,883</u>	<u>\$4,434,898</u>

See accompanying notes to the basic financial statements

Western Reserve Local School District
Mahoning County, Ohio

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

Net Change in Fund Balances - Total Governmental Funds	\$775,294
 <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 are allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.	
Capital Outlay	79,646
Current Year Depreciation/Amortization	<u>(888,230)</u>
Total	(808,584)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	(1,523)
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.	
Inception of Lease	(79,646)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	439,731
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 on Bonds	3,621
Amortization of Premium	54,969
Amortization of Deferred Charge on Advance Refunding	<u>(42,715)</u>
Total	15,875
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	643,356
OPEB	<u>16,504</u>
Total	659,860
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.	
Pension	71,934
OPEB	<u>31,230</u>
Total	103,164
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.	
Compensated Absences	<u>(75,561)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,028,610</u></u>

See accompanying notes to the basic financial statements

Western Reserve Local School District
Mahoning County, Ohio

*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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$3,091,619	\$3,195,851	\$3,195,851	\$0
Tuition and Fees	180,104	188,142	188,142	0
Interest	16,683	17,428	20,706	3,278
Extracurricular Activities	2,776	2,900	2,900	0
Rentals	659	688	688	0
Contributions and Donations	191	200	200	0
Intergovernmental	4,020,323	4,199,756	4,199,756	0
Miscellaneous	6,762	7,064	7,064	0
<i>Total Revenues</i>	<u>7,319,117</u>	<u>7,612,029</u>	<u>7,615,307</u>	<u>3,278</u>
Expenditures				
Current:				
Instruction:				
Regular	3,784,011	3,509,650	3,509,650	0
Special	757,992	1,096,889	1,096,889	0
Vocational	166,011	157,513	157,513	0
Other	10,050	11,009	11,009	0
Support Services:				
Pupils	226,529	331,769	331,769	0
Instructional Staff	142,836	116,631	116,631	0
Board of Education	34,461	30,306	30,306	0
Administration	628,219	643,784	643,784	0
Fiscal	311,205	336,362	336,362	0
Operation and Maintenance of Plant	563,779	553,004	553,004	0
Pupil Transportation	476,932	417,830	417,830	0
Central	28,500	25,188	25,188	0
Extracurricular Activities	240,215	228,502	228,502	0
<i>Total Expenditures</i>	<u>7,370,740</u>	<u>7,458,437</u>	<u>7,458,437</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(51,623)</u>	<u>153,592</u>	<u>156,870</u>	<u>3,278</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	380,247	380,247	0
Transfers Out	(60,000)	(79,530)	(79,530)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(60,000)</u>	<u>300,717</u>	<u>300,717</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(111,623)</u>	<u>454,309</u>	<u>457,587</u>	<u>3,278</u>
<i>Fund Balance Beginning of Year</i>	<u>2,733,555</u>	<u>2,733,555</u>	<u>2,733,555</u>	<u>0</u>
Prior Year Encumbrances Appropriated	66	66	66	0
<i>Fund Balance End of Year</i>	<u>\$2,621,998</u>	<u>\$3,187,930</u>	<u>\$3,191,208</u>	<u>\$3,278</u>

See accompanying notes to the basic financial statements

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Western Reserve Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 - Description of the School District and Reporting Entity

Western Reserve 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. The School District is located in Berlin Center, Ohio, Mahoning County. The School District provides educational services as mandated by state and/or federal agencies. The Board of Education controls the School District's one instructional/support facilities staffed by 27 classified employees, 52 certified employees and 5 administrators who provide services to approximately 653 students and other community members.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements 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 Western Reserve Local 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. Based upon the application of this criterion, the School District has no component units.

The School District participates in two jointly governed organizations and three public entity risk pools. These organizations are the Mahoning County Career and Technical Center, Area Cooperative Computerized Educational Service System Council of Governments, Mahoning County Schools Employee Insurance Consortium, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Ohio School Plan. These organizations are presented in Notes 11 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. 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.

Western Reserve Local School District
Mahoning County, Ohio

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.

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.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary or fiduciary funds.

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

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

Bond Retirement Fund The bond retirement fund accounts for property tax revenues that are restricted for the payment of principal and interest and fiscal charges on general obligation debt.

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

Western Reserve Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

C. 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 District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenditures) 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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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.

Western Reserve Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Deferred Outflows/Inflows of Resources In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources have been reported for a deferred charge on refunding, pension and OPEB reported in the government-wide statement of net position. 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 are explained in Notes 13 and 14.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the 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 the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide of statement of net position (see Notes 13 and 14).

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.

E. 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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level within each fund and function.

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 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Western Reserve Local School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through 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, the School District's investments were limited to repurchase agreements.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$15,487, which includes \$1,297 assigned from other District funds.

G. Inventory

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include a commitment for budget stabilization. See Note 19 for additional information regarding set asides.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating 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. During fiscal year 2022, the School District's capitalization threshold was 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.

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

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Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Description	Estimated Lives
Land Improvements	10 years
Buildings and Improvements	20 - 100 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 20 years
Intangible Right to Use Lease	5 - 10 years
Textbooks	5 years

J. 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 School District 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees and administrators after ten years of service.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures 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 fund or funds from which the employees who have accumulated the leave are paid.

K. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in 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.

L. Net Position

Net position represents the difference between all other elements in a statement of net 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 their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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Mahoning County, Ohio

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 positions are available.

M. Fund Balance

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

Nonspendable The nonspendable fund balance 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

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

The 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

N. Bond Premium

On the government wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

O. Deferred Amount (Loss) on Refunding

The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss amortized over the remaining life of the old or new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

P. Interfund Balances

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

Q. Interfund Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal 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 basic financial statements.

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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 systems. 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 systems report investments at fair value.

S. 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.

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

Note 3 – Change in Accounting Principles

For fiscal year 2022, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, “Leases”, GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period”, certain provisions of GASB Statement No. 93, “Replacement of Interbank Offered Rates”, GASB Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”, and GASB Statement No. 98 “The Annual Comprehensive Financial Report”.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the foundational principle that leases are financings of the right to use an underlying asset. The changes were incorporated into the District’s financial statements but did not have an effect on beginning net position.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period and aims to provide users with more relevant information about capital assets and the cost of borrowing for a particular reporting period. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rate (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 focuses on more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the District.

Note 4 – Fund Deficits

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

Nonmajor Governmental Funds:	<u>Deficit</u>
Emergency Management Information Systems	\$918
ESSER Fund	9,732
IDEA Part B Grant	3,837

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

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

Note 5 - Budgetary Basis of Accounting

While the School District is reporting its 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 presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Advances-In and Advances-Out are operating transactions (budget) as opposed to balance sheet transactions.
5. Budgetary revenues and expenditures of the uniform school supplies, rotary special services, and public-school support funds are reclassified to the general fund for GAAP reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$422,199
Net Adjustment for Revenue Accruals	(55,308)
Net Adjustment for Expenditure Accruals	97,147
Net Adjustment for Funds Budgeted as Special Revenue	6,039
Adjustment for Encumbrances	<u>(12,490)</u>
Budget Basis	<u><u>\$457,587</u></u>

Note 6 - Deposits and Investments

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

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

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

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Notes to the Basic Financial Statements
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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, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

At June 30, 2022, the carrying value amount of all the District's deposits was \$860,268. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2022, \$250,000 of the District's bank balance of \$876,355 was exposed to custodial risk as described below, while \$626,355 was covered by the Federal Deposit Insurance Corporation (FDIC).

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2022, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Maturity
Repurchase Agreements	\$4,340,337	6 Months or Less

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 one year 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. State statute limits investments in repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk. The underlying securities of the Repurchase Agreements carry either a credit rating of AAA or Aaa by Standard and Poors and Moody's. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2022:

Investment	Percent of Total
Repurchase Agreements	100.00%

Reconciliation of Cash and Investments to the Statement of Net Position

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

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$860,268	Governmental Activities	\$5,200,605
Investments	4,340,337		
Total	\$5,200,605		\$5,200,605

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2022 represent collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

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

The amount available as an advance at June 30, 2022 was \$37,651 in the general fund, \$7,672 in the bond retirement debt service fund, \$2,269 in the permanent improvement capital projects fund and \$508 in the classroom facilities maintenance special revenue fund.

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

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$116,214,290	93.59 %	\$117,293,160	93.37 %
Public Utility Personal	7,954,060	6.41	8,333,670	6.63
Total	\$124,168,350	100.00 %	\$125,626,830	100.00 %
 Tax rate per \$1,000 of assessed valuation			 \$49.70	
	\$50.10			

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 8 - Receivables

Receivables at June 30, 2022 consisted of property taxes, accounts (billings for user charged services and student fees), and interest. All receivables except for delinquent property taxes are expected to be collected within one year.

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

Property Taxes	\$4,358,964
Intergovernmental	6,579
Accrued Interest	3,162
Accounts	1,979
Total Receivables	\$4,370,684

Note 9 – Fund Balances

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental	Total
<i>Nonspendable</i>				
Inventory	\$74,708	\$0	\$0	\$74,708
Unclaimed Funds	6,426	0	0	6,426
<i>Total Nonspendable</i>	81,134	0	0	81,134
<i>Restricted for</i>				
Food Service Operations	0	0	178,877	178,877
Classroom Maintenance	0	0	117,646	117,646
Athletics & Music	0	0	61,835	61,835
Debt Service Payments	0	928,281	0	928,281
Capital Improvements	0	0	630,841	630,841
Other Purposes	0	0	3,766	3,766
<i>Total Restricted</i>	0	928,281	992,965	1,921,246
<i>Committed to</i>				
College Scholarships	0	0	25,405	25,405
Budget Stabilization	67,313	0	0	67,313
<i>Total Committed</i>	67,313	0	25,405	92,718
<i>Assigned to</i>				
Other Purposes	44,369	0	0	44,369
<i>Unassigned (Deficit)</i>	2,309,918	0	(14,487)	2,295,431
<i>Total Fund Balances</i>	\$2,502,734	\$928,281	\$1,003,883	\$4,434,898

Western Reserve Local School District
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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:

	Balance 6/30/21	Additions	Reductions	Balance 6/30/22
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$48,798	\$0	\$0	\$48,798
<i>Capital assets being depreciated/amortized:</i>				
Land improvements	1,816,476	0	0	1,816,476
Buildings and improvements	28,611,266	0	0	28,611,266
Furniture, fixtures and equipment	1,660,397	0	0	1,660,397
Vehicles	839,882	0	0	839,882
Textbooks	1,050,977	0	0	1,050,977
Intangible Right to Use Lease**	0	79,646	0	79,646
<i>Total capital assets being depreciated/amortized</i>	<u>33,978,998</u>	<u>79,646</u>	<u>0</u>	<u>34,058,644</u>
<i>Accumulated depreciation/amortization:</i>				
Land improvements	(1,492,179)	(57,802)	0	(1,549,981)
Buildings and improvements	(8,800,162)	(694,703)	0	(9,494,865)
Furniture, fixtures and equipment	(1,360,330)	(54,056)	0	(1,414,386)
Vehicles	(653,123)	(41,380)	0	(694,503)
Equity in joint venture	(986,759)	(25,687)	0	(1,012,446)
Intangible Right to Use Lease**	0	(14,602)	0	(14,602)
<i>Total accumulated depreciation/amortization</i>	<u>(13,292,553)</u>	<u>(888,230) *</u>	<u>0</u>	<u>(14,180,783)</u>
Capital assets being depreciated/amortized, net	<u>20,686,445</u>	<u>(808,584)</u>	<u>0</u>	<u>19,877,861</u>
Governmental activities capital assets, net	<u>\$20,735,243</u>	<u>(\$808,584)</u>	<u>\$0</u>	<u>\$19,926,659</u>

* Depreciation/amortization expense was charged to governmental activities as follows:

Instruction:	
Regular	\$303,823
Special	85,348
Vocational	9,208
Adult/Continuing	4,850
Support Services:	
Pupil	33,392
Instructional Staff	31,235
Board of Education	5,404
Administration	46,422
Fiscal	23,260
Business	15,702
Operation and Maintenance of Plant	122,974
Pupil Transportation	77,289
Central	4,596
Operation of Food Services	36,878
Extracurricular Activities	87,849
Total Depreciation/Amortization Expense	\$888,230

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For the Fiscal Year Ended June 30, 2022

**Of the current year depreciation total of \$888,230, \$14,603 is presented as support services - business expense on the Statement of Activities related to the District's intangible asset of copiers, which are included in the table above as an Intangible Right to Use Lease. With the implementation of GASB 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 - Jointly Governed Organizations

A. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. The students of each participating school district may attend classes offered at the vocational facility. During fiscal year 2022, no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio 44406.

B. Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day-to-day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid a monthly fee to ACCESS during fiscal year 2022. Financial information can be obtained by contacting the Treasurer, Brian Stidham, at 493 Bev Road, Unit 1, Boardman, Ohio, 44512.

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

Note 12 - Risk Management

A. Workers' Compensation

For fiscal year 2022, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

B. 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. The School District joined together with other School Districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool to obtain liability coverage. Each individual school district enters into an agreement with the OSP and its premium is based on the types of coverage and limits of coverage, and deductibles that it selects. During fiscal year 2022, the School District contracted with the Ohio School Plan for various types of significant insurance as follows:

Coverage	Amount	Deductible
Building/Contents Property	\$44,219,345	\$1,000
Flood	1,000,000	25,000
Earthquakes	1,000,000	25,000
Violence - Aggregate	1,000,000	0
Crime	25,000/10,000	1,000
Automobile Liability	3,000,000	1,000
Uninsured Motorists	1,000,000	0
General Liability:		
Per occurrence	4,000,000	n/a
Total per year	6,000,000	n/a
Employers' Liability	4,000,000	n/a
Legal Liability:		
Injury Limit	4,000,000	2,500
Aggregate	6,000,000	0
Fiduciary Liability:		
Claim Limit	4,000,000	2,500
Aggregate	6,000,000	0

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

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C. Employee Medical Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical, prescription drug, vision and dental benefits. The Mahoning County Insurance Consortium is a shared risk pool comprised of various Mahoning County school districts. Rates are set through an annual calculation process. The Western Reserve Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$1,712 for family coverage, \$611 for single coverage, \$1,284 for employee plus spouse, and \$1,039 for employee plus child/children per employee per month. The School District pays \$74 for family dental coverage, \$31 for single dental coverage, \$58 for employee plus spouse dental coverage, and \$52 for employee plus child/children dental coverage. The School District also pays vision of \$14 for family, \$5 for single vision coverage, \$9 for employee plus spouse vision coverage and \$8 for employee plus child/children vision coverage per employee per month.

In previous years, the School District elected to provide vision benefits through a self-insurance program. The School District maintains an insurance reserve fund to account for and finance its uninsured risks of loss in this program. The District is no longer self-insured for vision benefits but keeps a small balance in the general fund until it is certain no more claims will need to be paid.

Note 13 – Defined Benefit Pension Plans

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

A. Net Pension Liability/Net OPEB Liability

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

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

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

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

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the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

B. School Employees Retirement System

Plan Description - District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. Established in 1937, SERS provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public K-12 school districts. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA, is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019 and 2020. SERS approved a 0.5 percent COLA for eligible retirees and beneficiaries for calendar year 2021.

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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 District's contractually required contribution to SERS was \$132,759 for fiscal year 2022. Of this amount \$63,102 is reported as an intergovernmental payable.

C. State Teachers Retirement System

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO 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 CO Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 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.

The District's contractually required contribution to STRS was \$510,597 for fiscal year 2022. Of this amount \$87,178 is reported as an intergovernmental payable.

D. 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.02417780%	0.03031906%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.02674140%</u>	<u>0.02889911%</u>	
Change in Proportionate Share	<u>0.00256360%</u>	<u>-0.00141995%</u>	
Proportionate Share of the Net Pension Liability	\$986,680	\$3,695,011	\$4,681,691
Pension Expense	\$1,217	(\$73,151)	(\$71,934)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$96	\$114,159	\$114,255
Change of Assumptions	20,777	1,025,062	1,045,839
Change in Proportionate Share	97,284	87,547	184,831
District contributions subsequent to the measurement date	132,759	510,597	643,356
Total Deferred Outflows of Resources	\$250,916	\$1,737,365	\$1,988,281
Deferred Inflows of Resources			
Differences between expected and actual experience	\$25,589	\$23,160	\$48,749
Net difference between projected and actual earnings on pension plan investments	508,169	3,184,391	3,692,560
Change of Assumptions	0	0	0
Change in Proportionate Share	15,340	247,882	263,222
Total Deferred Inflows of Resources	\$549,098	\$3,455,433	\$4,004,531

\$643,356 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$79,276)	(\$527,197)	(\$606,473)
2024	(74,862)	(476,345)	(551,207)
2025	(120,825)	(531,919)	(652,744)
2026	(155,978)	(693,204)	(849,182)
Total	(\$430,941)	(\$2,228,665)	(\$2,659,606)

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

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incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2132.

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, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 Percent
Future Salary Increases, Including Inflation	3.25 Percent to 13.58 Percent
Investment Rate of Return	7.0 Percent, Net of Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.0 Percent, on and after April 1, 2018, COLA's for future retirees will be delayed for 3 years following commencement

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 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.

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 rebalancing uncorrelated asset classes.

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

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

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Discount Rate The total pension liability was calculated using the discount rate of 7.0 percent. The discount rate determination does not use a mechanical bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.0 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was 28.18 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent), or one percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability	\$1,641,593	\$986,680	\$434,363

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.0 Percent, Net of Investment Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, 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 the latest available actuarial experience study which is for the period July 1, 2011 through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

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:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	7.45 %

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

Discount Rate The discount rate used to measure the total pension liability was 7.0 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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 7.0 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0 percent, as well as what the 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 (6.0 percent) or one-percentage-point higher (8.0 percent) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
District's Proportionate Share of the Net Pension Liability	\$6,919,372	\$3,695,011	\$970,432

Assumption and Benefit Changes since the Prior Measurement Date The discount rate was adjusted to 7.0 percent from 7.45 percent for the June 30, 2021 valuation.

E. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2022, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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Note 14 – Defined Benefit Other Postemployment Benefit (OPEB) Plans

See note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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 2.0 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 District's surcharge obligation was \$16,504.

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 District's contractually required contribution to SERS was \$16,504 for fiscal year 2022, all of which was reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 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/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/(asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.02498540%	0.03031906%	
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	<u>0.02742440%</u>	<u>0.02889911%</u>	
Change in Proportionate Share	<u>0.00243900%</u>	<u>-0.00141995%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$519,029	(\$609,314)	(\$90,285)
OPEB Expense	\$6,293	(\$37,523)	(\$31,230)

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At June 30, 2022, the 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	\$5,531	\$21,696	\$27,227
Change of Assumptions	81,423	38,920	120,343
Change in Proportionate Share	82,262	16,920	99,182
District contributions subsequent to the measurement date	16,504	0	16,504
Total Deferred Outflows of Resources	\$185,720	\$77,536	\$263,256
Deferred Inflows of Resources			
Differences between expected and actual experience	\$258,500	\$111,639	\$370,139
Net difference between projected and actual earnings on pension plan investments	11,278	168,889	180,167
Change of Assumptions	71,078	363,500	434,578
Change in Proportionate Share	21,191	714	21,905
Total Deferred Inflows of Resources	\$362,047	\$644,742	\$1,006,789

\$16,504 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the 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	(\$43,842)	(\$161,390)	(\$205,232)
2024	(43,923)	(157,165)	(201,088)
2025	(48,753)	(154,554)	(203,307)
2026	(40,680)	(70,464)	(111,144)
2027	(14,060)	(24,067)	(38,127)
Thereafter	(1,573)	434	(1,139)
Total	(\$192,831)	(\$567,206)	(\$760,037)

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.

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

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

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

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.0 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.750 to 4.40 percent

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 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.

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 2016 through 2020 and was adopted by the Board on April 15, 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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.0 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.

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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 13 for details.

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 state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic pension 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 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 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 (6.0% decreasing to 3.75%) and higher (8.0% decreasing to 5.75%) than the current rate (7.0 percent decreasing to 4.40 percent).

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
District's proportionate share of the net OPEB liability (asset)	\$643,140	\$519,029	\$419,881
	1% Decrease (6.0 % decreasing to 3.75 %)	Current Trend Rate (7.0% decreasing to 4.40 %)	1% Increase (8.0 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability (asset)	\$399,610	\$519,029	\$678,537

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Notes to the Basic Financial Statements
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Actuarial Assumptions - STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.0 percent, net of investment expenses, including inflation
Payroll Increases	3.0 percent
Discount Rate of Return	7.0 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	(16.18) percent initial, 4 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	29.98 percent initial, 4 percent ultimate

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

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

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

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 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.0 percent as of June 30, 2021. 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 7.0 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.0 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 (6.0 percent) or one percentage point higher (8.0 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.

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	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net OPEB asset	(\$514,167)	(\$609,314)	(\$688,795)
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$685,575)	(\$609,314)	(\$515,011)

Assumption and Benefit Changes since the Prior Measurement Date The discount rate was adjusted to 7.0 percent from 7.45 percent for the June 30, 2021 valuation.

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

Note 15 - Employee Benefits

A. Life Insurance

The School District provides life insurance to all regular employees. Coverage is \$40,000 for administrators and certified employees, \$30,000 for classified employees and \$10,000 for spouses. Life insurance is provided through Assurant Employee Benefits.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees upon retirement. Teachers do not earn vacation time. Administrators earn 20 days of vacation annually. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month with unlimited accumulation. Upon retirement, employees receive payment for sick leave accumulation based upon their length of service, up to a maximum of 30 days, plus sixteen percent of their remaining accumulated sick leave. Upon retirement and with at least five years of service, the superintendent and the treasurer receive payment for fifty percent of accumulated unused sick leave.

Note 16 - Interfund Transfers

The general fund made two transfers out totaling \$79,530 to the district managed student activity fund and the educational management information systems special revenue funds in the amounts of \$48,511 and \$31,019, respectively.

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization. Transfers are also used to close out the funds that are no longer required.

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Notes to the Basic Financial Statements
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Note 17 - Long-term Obligations

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

	Outstanding 6/30/21	Additions	Deductions/ Refunded	Outstanding 6/30/22	Amounts due in One Year
General Obligation Bonds:					
<i>2016 Classroom Facilities Refunding Bonds:</i>					
Current Interest Bonds 3.0% - 4.0%	\$8,145,000	\$0	(\$395,000)	\$7,750,000	\$400,000
Unamortized Premium on Bonds	854,306	0	(54,969)	799,337	0
<i>Total General Obligation Bonds</i>	<u>8,999,306</u>	<u>0</u>	<u>(449,969)</u>	<u>8,549,337</u>	<u>400,000</u>
Other Long-Term Obligations:					
Lease	0	79,646	(13,651)	65,995	15,363
Financed Purchase	31,080	0	(31,080)	0	0
Compensated Absences	715,389	155,785	(80,224)	790,950	47,582
<i>Total Other Long-Term Obligations</i>	<u>746,469</u>	<u>235,431</u>	<u>(124,955)</u>	<u>856,945</u>	<u>62,945</u>
<i>Total Before Net Pension & OPEB Liability:</i>	<u>9,745,775</u>	<u>235,431</u>	<u>(574,924)</u>	<u>9,406,282</u>	<u>462,945</u>
Net Pension Liability:					
STRS	7,336,134	0	(3,641,123)	3,695,011	0
SERS	1,599,171	0	(612,491)	986,680	0
<i>Total Net Pension Liability</i>	<u>8,935,305</u>	<u>0</u>	<u>(4,253,614)</u>	<u>4,681,691</u>	<u>0</u>
Net OPEB Liability:					
SERS	543,015	0	(23,986)	519,029	0
Total Long-Term Obligations	<u>\$19,224,095</u>	<u>\$235,431</u>	<u>(\$4,852,524)</u>	<u>\$14,607,002</u>	<u>\$462,945</u>

On April 11, 2016, the District issued Classroom Facilities Improvement Advance Refunding Bonds in the amount of \$8,860,000 (par value) with interest rates ranging from 3.0 percent to 4.0 percent to advance refund \$8,865,000 of the 2009 Classroom Facilities Improvement Bonds with rates ranging from 2.5 percent to 4.75 percent. The bonds mature 1/15/2037 and are callable 1/15/2027. The refunding bonds were issued at a premium of \$1,136,022 and, after paying issuance costs of \$146,054, the net proceeds were \$9,849,968. The net proceeds from the issuance of the bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called on 1/15/2019. The advance refunding met the requirements of an in-substance debt defeasance and all but \$743,164 of the 2009 Classroom Facilities Improvement Bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by approximately \$2 million, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,004,440.

On October 29, 2019, the District entered into a financed purchase agreement in the amount of \$40,423 for an event scoreboard. The agreement term was for five years at an interest rate of 4.79 percent and was scheduled to mature in 2024, however, the District paid off this entire agreement during fiscal year 2022.

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Compensated absences will be paid from the general fund and the food service special revenue fund and the early retirement incentive will also be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14.

The School District's overall legal debt margin was \$7,518,241 with an unvoted debt margin of \$125,627 at June 30, 2022. Principal requirements to retire general obligation debt outstanding at June 30, 2022, are as follows:

Fiscal Year Ending June 30,	2016 Classroom Facilities Refunding Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2023	\$400,000	\$286,850	\$686,850
2024	415,000	274,850	689,850
2025	420,000	266,550	686,550
2026	435,000	253,950	688,950
2027	450,000	236,550	686,550
2028 - 2032	2,540,000	897,350	3,437,350
2033 - 2037	3,090,000	347,150	3,437,150
Total	\$7,750,000	\$2,563,250	\$10,313,250

Lease Payable – The District entered into a new lease agreement for copiers in fiscal year 2022. Due to the implementation of GASB Statement No. 87, this lease has met the criteria of a lease thus requiring it to be recorded by the District. The new lease will be amortized over the lease term since it is shorter than the useful life due to the District not taking ownership of the copiers. A summary of the principal and interest amounts remaining for the lease are as follows:

Fiscal Year Ending June 30,	Lease		
	2022 Copiers		
	Principal	Interest	Total
2023	\$15,363	\$1,917	\$17,280
2024	15,869	1,411	17,280
2025	16,393	887	17,280
2026	16,934	346	17,280
2027	1,436	4	1,440
Total	\$65,995	\$4,565	\$70,560

Note 18 - Public Entity Risk Pools

A. Shared Risk Pool

Mahoning County Schools Employee Insurance Consortium The School District participates in the Mahoning County Schools Employee Insurance Consortium. This is a shared risk pool comprised of various 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. A member can withdraw from participation in the Consortium by notifying the fiscal agent on or before January 15 of the

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

year preceding the fiscal year in which the School District will withdraw. If the School District withdraws, no further contribution would be made, but the benefits under the insurance contract shall be paid in accordance of the terms of the contract. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

B. Insurance Purchasing Pools

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

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

Note 19 - Set-Asides

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

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

	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2021	\$0	\$67,313
Current Year Set-Aside Requirement	116,734	0
Current Year Offset Expenditures	(208,967)	0
Total	(\$92,233)	\$67,313
Set-Aside Balance Carried Forward to		
Future Fiscal Years	\$0	\$67,313
Cash balance as of June 30, 2022	\$0	\$67,313

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For the Fiscal Year Ended June 30, 2022

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 20 - Contingencies

A. Grants

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

B. Litigation

The School District is not party to legal proceedings as of June 30, 2022.

C. School District 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. The final adjustment was not material and is not reflected in the accompanying financial statements.

Note 21 – 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 District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The District's investment portfolio and the investments of the pension and other employee benefit plans in which the District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.02674140%	0.02417780%	0.02531760%	0.02627710%	0.02408060%	0.02443380%	0.02588210%	0.02645500%	0.02588210%
School District's Proportionate Share of the Net Pension Liability	\$986,680	\$1,599,171	\$1,514,796	\$1,504,938	\$1,438,763	\$1,788,329	\$1,476,858	\$1,338,872	\$1,573,194
School District's Employee Payroll	\$923,043	\$879,015	\$889,452	\$857,786	\$813,693	\$734,443	\$981,282	\$924,033	\$839,672
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	106.89%	181.93%	170.31%	175.44%	176.82%	243.49%	150.50%	144.89%	187.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.028899108%	0.030319060%	0.030151800%	0.029664080%	0.028830620%	0.029234890%	0.029571510%	0.030159360%	0.030159360%
School District's Proportionate Share of the Net Pension Liability	\$3,695,011	\$7,336,134	\$6,667,889	\$6,522,465	\$6,848,776	\$9,785,799	\$8,172,700	\$7,335,800	\$8,738,357
School District's Employee Payroll	\$3,565,957	\$3,659,036	\$3,507,707	\$3,391,807	\$3,169,571	\$3,302,160	\$3,149,194	\$3,288,154	\$3,138,770
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	103.62%	200.49%	190.09%	192.30%	216.08%	296.35%	259.52%	223.10%	278.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.48%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

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Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Pension Contribution	\$132,759	\$129,226	\$118,667	\$120,076
Pension Contributions in Relation to the Contractually Required Contribution	(\$132,759)	(\$129,226)	(\$118,667)	(\$120,076)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$948,279	\$923,043	\$879,015	\$889,452
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	13.50%	13.50%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$120,090	\$113,917	\$102,822	\$129,333	\$128,071	\$116,211
(\$120,090)	(\$113,917)	(\$102,822)	(\$129,333)	(\$128,071)	(\$116,211)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$857,786	\$813,693	\$734,443	\$981,282	\$924,033	\$0
14.00%	14.00%	14.00%	13.18%	13.86%	#DIV/0!

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Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Pension Contribution	\$510,597	\$499,234	\$512,265	\$491,079
Pension Contributions in Relation to the Contractually Required Contribution	(\$510,597)	(\$499,234)	(\$512,265)	(\$491,079)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Employee Payroll	\$3,647,121	\$3,565,957	\$3,659,036	\$3,507,707
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$474,853	\$443,740	\$462,302	\$440,988	\$427,460	\$408,040
(\$474,853)	(\$443,740)	(\$462,302)	(\$440,988)	(\$427,460)	(\$408,040)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,391,807	\$3,169,571	\$3,302,160	\$3,149,914	\$3,288,154	\$3,138,770
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

Western Reserve Local School District
Mahoning County, Ohio

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

	2021	2020	2019	2018	2017	2016
School District's Proportion of the Net OPEB Liability	0.027424400%	0.024985400%	0.025130100%	0.026415900%	0.024253600%	0.024433800%
School District's Proportionate Share of the Net OPEB Liability	\$519,029	\$543,015	\$631,969	\$732,848	\$650,903	\$691,317
School District's Employee Payroll	\$923,043	\$879,015	\$889,452	\$857,786	\$813,693	\$734,443
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	56.23%	61.78%	71.05%	85.43%	79.99%	94.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Western Reserve Local School District
Mahoning County, Ohio

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

	2021	2020	2019	2018	2017	2016
School District's Proportion of the Net OPEB Liability (Asset)	0.028899108%	0.030319060%	0.030151800%	0.029664080%	0.028830620%	0.029234890%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$609,314)	(\$532,857)	(\$499,386)	(\$476,672)	\$1,124,864	\$1,541,869
School District's Employee Payroll	\$3,565,957	\$3,659,036	\$3,507,707	\$3,391,807	\$3,169,571	\$3,302,160
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Employee Payroll	-17.09%	-14.56%	-14.24%	-14.05%	35.49%	46.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.73%	182.13%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Western Reserve Local School District
Mahoning County, Ohio

Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required OPEB Contribution	\$16,504	\$16,928	\$15,560	\$15,964
OPEB Contributions in Relation to the Contractually Required Contribution	(\$16,504)	(\$16,928)	(\$15,560)	(\$15,964)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$948,279	\$923,043	\$879,015	\$889,452
Contributions as a Percentage of Employee Payroll	1.74%	1.83%	1.77%	1.79%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$13,195	\$12,374	\$12,861	\$12,884	\$21,605	\$19,172
(\$13,195)	(\$12,374)	(\$12,861)	(\$12,884)	(\$21,605)	(\$19,172)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$857,786	\$813,693	\$734,443	\$981,282	\$924,033	\$0
1.54%	1.52%	1.75%	1.31%	2.34%	#DIV/0!

Western Reserve Local School District
Mahoning County, Ohio

Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required OPEB Contribution	\$0	\$0	\$0	\$0
OPEB Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$3,647,121	\$3,565,957	\$3,659,036	\$3,507,707
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
\$0	\$0	\$0	\$0	\$33,092	\$31,388
\$0	\$0	\$0	\$0	(\$33,092)	(\$31,388)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,391,807	\$3,169,571	\$3,302,160	\$3,149,914	\$3,288,154	\$3,138,770
0.00%	0.00%	0.00%	0.00%	1.01%	1.00%

Western Reserve Local School District
Mahoning County, Ohio

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

SERS - Changes in Assumptions

Fiscal Year 2022

- *Assumed rate of inflation was reduced from 3.00% to 2.40%
- *Payroll growth assumption was reduced from 3.50% to 1.75%
- *Assumed real wage growth was increased from 0.50% to 0.85%
- *Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%
- *The discount rate was reduced from 7.50% to 7.00%

- *Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.

- *Mortality among active members was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

- *Mortality among service retired members was updated to the following:
PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

- *Mortality among contingent survivors was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

- *Mortality among disabled members was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

SERS - Changes of Benefit and Funding Terms

Fiscal Year 2022

- *None

Western Reserve Local School District
Mahoning County, Ohio

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

STRS - Changes in Assumptions

Fiscal Year 2022

*The investment and discount rate of return changed from 7.45 percent to 7.0 percent.

STRS - Changes in Benefit Terms

Fiscal Year 2022

*None

Western Reserve Local School District
Mahoning County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

Net OPEB Liability

SERS - Changes in Assumptions

Fiscal Year 2022

- *The discount rate was changed from 2.63% to 2.27%.
- *The investment rate of return was reduced from 7.50% to 7.00%.
- *Assumed rate of inflation was reduced from 3.00% to 2.40%
- *Payroll Growth Assumption was reduced from 3.50% to 1.75%
- *Assumed real wage growth was increased from 0.50% to 0.85%
- *Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- *Rate of health care participation for future retirees and spouses was updated to reflect recent experience.

- *Mortality among active members was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table.

- *Mortality among service retired members was updated to the following:
PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

- *Mortality among beneficiaries was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

- *Mortality among disabled member was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

- *Mortality rates are projected using a fully generational projection with Scale MP-2020.

SERS - Changes of Benefit and Funding Terms

Fiscal Year 2022

- *None

Western Reserve Local School District
Mahoning County, Ohio

Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net OPEB Liability

STRS - Changes in Assumptions

Fiscal Year 2022

*In 2021 the investment and discount rate of return changed from 7.45 percent to 7.0 percent.

STRS - Changes in Benefit Terms – STRS OPEB

Fiscal Year 2022

* The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

Western Reserve Local School District
Mahoning County
13850 Akron-Canfield Road
Berlin Center, Ohio 44401

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 Western Reserve 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 July 27, 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

July 27, 2023

OHIO AUDITOR OF STATE KEITH FABER



WESTERN RESERVE 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 8/10/2023

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