

**WEST LIBERTY-SALEM
LOCAL SCHOOL DISTRICT**

CHAMPAIGN COUNTY, OHIO

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215
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Members of the Board of Education
West Liberty-Salem Local School District
7208 US Highway 68 North
West Liberty, Ohio 43357

We have reviewed the *Independent Auditor's Report* of West Liberty-Salem Local School District, Champaign County, prepared by Julian & Grube, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



Keith Faber
Auditor of State
Columbus, Ohio

December 23, 2024

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**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis	4
Statement of Activities - Cash Basis	5
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis - Governmental Funds	6
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis - Governmental Funds.....	7
Notes to the Basic Financial Statements.....	8 - 40
Supplementary Information:	
Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	41
Notes to the Supplementary Information.....	42
Schedule of Expenditures of Federal Awards.....	43
Notes to the Schedule of Expenditures of Federal Awards 2 <i>CFR</i> § 200.510(b)(6)	44
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	45 - 46
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	47 - 49
Schedule of Findings 2 <i>CFR</i> § 200.515	50 - 51
Summary Schedule of Prior Audit Findings 2 <i>CFR</i> § 200.511(b)	52
Corrective Action Plan 2 <i>CFR</i> § 200.511(c).....	53

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Independent Auditor's Report

West Liberty-Salem Local School District
Champaign County
7208 US Highway 68 North
West Liberty, Ohio 43357

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Liberty-Salem Local School District, Champaign County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the West Liberty-Salem Local School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Liberty-Salem Local School District, as of June 30, 2024, and the respective changes in cash basis financial position, thereof for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

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 West Liberty-Salem Local School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Ohio Administrative Code § 117-2-03(B) requires the West Liberty-Salem Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are 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 the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 West Liberty-Salem Local School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Liberty-Salem Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and budgetary comparison information listed in the table of contents is presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024, on our consideration of the West Liberty-Salem Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Liberty-Salem Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the West Liberty-Salem Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
October 24, 2024

**WEST LIBERTY SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2024**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 18,076,700</u>
Net position:	
Restricted for:	
Capital projects	333,406
Classroom facilities maintenance	330,692
Debt service	2,386,987
State funded programs	35,253
Federally funded programs	314
Food service operations	480,015
Student activities	381,398
Unrestricted	<u>14,128,635</u>
Total net position	<u><u>\$ 18,076,700</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST LIBERTY SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 6,856,896	\$ 96,960	\$ 153,937	\$ (6,605,999)
Special	2,187,642	227,672	599,258	(1,360,712)
Vocational	209,734	-	62,836	(146,898)
Other	197,291	-	-	(197,291)
Support services:				
Pupil	782,751	-	486,301	(296,450)
Instructional staff	1,034,594	-	139,757	(894,837)
Board of education	36,877	-	-	(36,877)
Administration	1,113,692	-	1,592	(1,112,100)
Fiscal	585,654	-	-	(585,654)
Operations and maintenance	1,960,372	-	18,625	(1,941,747)
Pupil transportation	1,158,772	-	145,922	(1,012,850)
Operation of non-instructional services:				
Food service operations	538,841	342,167	259,188	62,514
Other non-instructional services	5,993	-	5,993	-
Extracurricular activities	866,777	434,568	37,023	(395,186)
Debt service:				
Principal retirement	138,379	-	-	(138,379)
Interest and fiscal charges	204,450	-	-	(204,450)
Accreted interest on capital appreciation bonds	339,154	-	-	(339,154)
Total governmental activities	\$ 18,217,869	\$ 1,101,367	\$ 1,910,432	(15,206,070)
General receipts:				
Property taxes levied for:				
General purposes				3,645,629
Debt service				529,092
Capital outlay				149,272
Income taxes levied for:				
General purposes				3,645,267
Classroom facilities and maintenance				60,472
Grants and entitlements not restricted to specific programs				8,069,920
Investment earnings				742,762
Miscellaneous				822,094
Total general receipts				17,664,508
Change in net position				2,458,438
Net cash position beginning of year				15,618,262
Net cash position at end of year				\$ 18,076,700

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST LIBERTY SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General</u>	<u>Bond Retirement</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 10,364,272	\$ 2,386,987	\$ 3,764,363	\$ 1,561,078	\$ 18,076,700
Fund balances:					
Restricted:					
Debt service	\$ -	\$ 2,386,987	\$ -	\$ -	\$ 2,386,987
Capital projects	-	-	-	333,406	333,406
Classroom facilities maintenance	-	-	-	330,692	330,692
Food service operations	-	-	-	480,015	480,015
State funded programs	-	-	-	35,253	35,253
Federally funded programs	-	-	-	314	314
Extracurricular	-	-	-	381,398	381,398
Committed:					
Capital projects	-	-	3,764,363	-	3,764,363
Assigned:					
Extracurricular activities	25,914	-	-	-	25,914
Student instruction	33,750	-	-	-	33,750
Student and staff support	211,899	-	-	-	211,899
Subsequent year's appropriations	2,241,305	-	-	-	2,241,305
Unassigned	7,851,404	-	-	-	7,851,404
Total fund balances	<u>\$ 10,364,272</u>	<u>\$ 2,386,987</u>	<u>\$ 3,764,363</u>	<u>\$ 1,561,078</u>	<u>\$ 18,076,700</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST LIBERTY SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Bond Retirement	(Formerly Nonmajor) Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:					
Property taxes	\$ 3,645,629	\$ 529,092	\$ -	\$ 149,272	\$ 4,323,993
Income taxes	3,645,267	-	-	60,472	3,705,739
Intergovernmental	8,838,589	69,847	-	1,031,438	9,939,874
Investment earnings	608,869	-	133,893	-	742,762
Tuition and fees	313,747	-	-	-	313,747
Extracurricular	5,684	-	-	428,019	433,703
Charges for services	11,750	-	-	342,167	353,917
Miscellaneous	172,094	-	650,000	40,478	862,572
Total receipts	<u>17,241,629</u>	<u>598,939</u>	<u>783,893</u>	<u>2,051,846</u>	<u>20,676,307</u>
Disbursements:					
Current:					
Instruction:					
Regular	6,724,871	-	-	132,025	6,856,896
Special	2,070,681	-	-	116,961	2,187,642
Vocational	209,734	-	-	-	209,734
Other	197,291	-	-	-	197,291
Support services:					
Pupil	526,615	-	-	256,136	782,751
Instructional staff	894,837	-	-	139,757	1,034,594
Board of education	36,877	-	-	-	36,877
Administration	1,112,192	-	-	1,500	1,113,692
Fiscal	570,501	11,816	-	3,337	585,654
Operations and maintenance	1,376,561	-	308,700	275,111	1,960,372
Pupil transportation	948,310	-	-	210,462	1,158,772
Operation of non-instructional services:					
Food service operations	-	-	-	538,841	538,841
Other non-instructional services	-	-	-	5,993	5,993
Extracurricular activities	461,782	-	-	404,995	866,777
Debt service:					
Principal retirement	52,533	85,846	-	-	138,379
Interest and fiscal charges	1,322	203,128	-	-	204,450
Accreted interest on capital appreciation bonds	-	339,154	-	-	339,154
Total disbursements	<u>15,184,107</u>	<u>639,944</u>	<u>308,700</u>	<u>2,085,118</u>	<u>18,217,869</u>
Excess (deficiency) of receipts over (under) disbursements	<u>2,057,522</u>	<u>(41,005)</u>	<u>475,193</u>	<u>(33,272)</u>	<u>2,458,438</u>
Other financing sources (uses):					
Transfers in	-	521,450	1,800,000	26,422	2,347,872
Transfers (out)	(2,347,872)	-	-	-	(2,347,872)
Total other financing sources (uses)	<u>(2,347,872)</u>	<u>521,450</u>	<u>1,800,000</u>	<u>26,422</u>	<u>-</u>
Net change in fund balances	(290,350)	480,445	2,275,193	(6,850)	2,458,438
Fund balances at beginning of year, as previously reported	10,654,622	1,906,542	-	3,057,098	15,618,262
Adjustment - changes from nonmajor fund to major fund	<u>-</u>	<u>-</u>	<u>1,489,170</u>	<u>(1,489,170)</u>	<u>-</u>
Fund balances at beginning of year, as adjusted	<u>10,654,622</u>	<u>1,906,542</u>	<u>1,489,170</u>	<u>1,567,928</u>	<u>15,618,262</u>
Fund balances at end of year	<u><u>\$ 10,364,272</u></u>	<u><u>\$ 2,386,987</u></u>	<u><u>\$ 3,764,363</u></u>	<u><u>\$ 1,561,078</u></u>	<u><u>\$ 18,076,700</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The West Liberty-Salem Local School District (the “District”) is in Champaign County and encompasses the Village of West Liberty and portions of surrounding townships. The District serves an area of approximately 90 square miles.

The District was established through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates 1 building, which contains 1 elementary school, 1 middle school and 1 comprehensive high school. The District employs 84 certified employees, 52 classified employees and 5 administrators to provide services to 1,172 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.D., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan and Shelby counties. WOCO was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member districts.

The superintendent of each member district is seated in the assembly, which elects a Board of Directors for the Consortium, and approves major items proposed by the Board of Directors, such as the annual budget, fees schedule, and new cooperative ventures. The Board of Directors is comprised of 14 members, including two superintendents from member districts in each county and the superintendent of the entity serving as its fiscal agent (currently the Midwest Regional Educational Service Center). During fiscal year 2024, the District made \$92,461 in payments to WOCO. Financial information is available from WOCO, 129 East Court Street, Sidney, Ohio 45365.

Ohio Hi-Point Career Center

The Ohio Hi-Point Career Center (Career Center) is a distinct political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Career Center is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on the board. Financial information can be obtained by writing to Ohio Hi-Point Career Center, at 2280 State Route 540, Bellefontaine, Ohio, 43311.

Metropolitan Educational Technology Association

The District is a participant in META Solutions which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). META Solutions develops, implements, and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. Financial information can be obtained from META Solutions, 100 Executive Drive, Marion, Ohio 43302.

Southwestern Ohio Educational Purchasing Council

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of over 100 school districts in 12 counties. The purpose of the Council is to obtain lower prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges and other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Financial information can be obtained from SOEPC, 303 Corporate Center Dr, Suite 208, Vandalia, Ohio 45377.

INSURANCE PURCHASING POOLS/SHARED RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (the "Program"), an insurance purchasing pool. The Program'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 Districts pay an enrollment fee to the Program to cover the costs of administering the Program.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. 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 Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Sedgwick provides administrative, cost control and actuarial services to the Program.

Ohio School Plan

The District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents and treasurers. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Financial information can be obtained from The Hylant Group, 811 Madison Avenue, Toledo, Ohio 43604.

Southwestern Ohio Educational Purchasing Council Medical Benefits Trust

The Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (the "Trust") is a public entity shared risk pool consisting of 104 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Council and its participating members. Each participant decides which plan offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

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

Bond Retirement fund - The bond retirement fund is used to account for receipts derived from levies for the retirement of debt and related interest.

Capital Projects fund - The capital project fund is used for the purpose of accumulating resources for the acquisition, construction, or improvement of fixed assets of the school district.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Other nonmajor governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other assets.

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

C. Basis of Presentation

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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

D. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2024 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Champaign County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures for the General Fund and at the fund level of expenditures for all other funds, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund for all funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund or function appropriations for the general fund, or the total of any fund appropriations for all other funds, must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the fiscal year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the fiscal year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2024; however, none of these amendments were significant.
8. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund and function level for the general fund, and at the fund level for all other funds.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

F. Cash and Investments

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

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, and to the food service fund (a nonmajor governmental fund) and the classroom facilities (a nonmajor governmental fund). Interest revenue credited to the general fund during fiscal year 2024 amounted to \$608,869, which includes \$229,057 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

H. Accumulated Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

I. Long-Term Obligations

Leases and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt payments. Since recording a capital asset (including the intangible right to use) when entering into a lease, financed purchase transaction or Subscription Based Information Technology Arrangement (SBITA) is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported as disbursements when paid.

J. 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 cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash 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 cash balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

K. Net Cash Position

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

L. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the basic financial statements.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

N. Pensions/Other Postemployment Benefits (OPEB)

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

O. Notes Payable – Financed Purchases

The District financed purchase agreement for the acquisition of computer equipment. Notes Payable - Financed Purchases are not reflected under the District's cash basis of accounting. Notes Payable - Financed Purchases receipts/disbursements are recognized when they are received/paid.

P. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Q. Subscription Based Information Technology Arrangements (SBITAs)

The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the District has implemented certain paragraphs of GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

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

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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

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

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

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all District deposits was \$6,949,958 and the bank balance of all District deposits was \$7,213,039. Of the bank balance, \$6,099,513 was covered by the FDIC and \$1,113,526 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

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

B. Investments

At June 30, 2024, the District had the following investments and maturities:

<u>Investment type</u>	<u>NAV</u>	<u>Investment Maturity</u>
		<u>6 months or less</u>
STAR Ohio	<u>\$ 11,126,742</u>	<u>\$ 11,126,742</u>

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2024:

<u>Investment</u>	<u>NAV</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 11,126,742</u>	<u>100.00</u>

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and cash equivalents as reported on the statement of net position at June 30, 2024:

Cash and investments per note disclosure

Carrying amount of deposits	\$ 6,949,958
Investments	<u>11,126,742</u>
Total	<u><u>\$ 18,076,700</u></u>

Cash and cash equivalents per statement of net position

Governmental activities	<u><u>\$ 18,076,700</u></u>
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NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2024 consisted of the following, as reported on the fund financial statements:

	<u>Transfers from</u>
	General
<u>Transfers to</u>	<u>Fund</u>
Bond retirement fund	\$ 521,450
Capital projects fund	1,800,000
Nonmajor governmental funds	<u>26,422</u>
Total	<u><u>2,347,872</u></u>

Transfers are used to move receipts 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 receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the statement of activities.

NOTE 6 - PROPERTY TAXES

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 - PROPERTY TAXES – (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Champaign and Logan Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 188,612,390	95.91	\$ 190,155,900	95.43
Public utility personal	<u>8,044,660</u>	<u>4.09</u>	<u>9,107,740</u>	<u>4.57</u>
Total	<u>\$ 196,657,050</u>	<u>100.00</u>	<u>\$ 199,263,640</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$38.10		\$38.10	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

During fiscal year 1983, voters of the District passed a 0.5% continuing income tax. A 1.0% renewable income tax was first passed in 1992 and is subject to renewal every three years. The 1.0% income tax was renewed for a three year period in May 2019 and for a five year period in May 2022.

During fiscal year 2014, voters of the District passed a Combination Levy which included a new 0.25% income tax for a 23 year term. The proceeds from this additional 0.25% will be used to help pay off a portion of the new bond debt for the building project and help the District meet the Ohio Facilities Construction Commission classroom facility maintenance requirement for the building project.

Employers of the residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts credited to the general fund and the classroom facilities maintenance fund (a nonmajor governmental fund) for fiscal year 2024 was \$3,705,739.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - LONG-TERM DEBT

A. The changes in the District's long-term obligations during the fiscal year consist of the following:

	Balance 06/30/23	Additions	Reductions	Balance 06/30/24	Amounts Due in One Year
<u>General obligation bonds:</u>					
Series 2020A					
Current interest	\$ 6,480,000	\$ -	\$ -	\$ 6,480,000	\$ -
Capital appreciation bonds	86,535	-	(52,517)	34,018	34,018
Accreted interest on bonds	258,755	124,118	(207,483)	175,390	225,982
Total Series 2020A	<u>6,825,290</u>	<u>124,118</u>	<u>(260,000)</u>	<u>6,689,408</u>	<u>260,000</u>
Series 2020B					
Current interest bonds	2,380,000	-	-	2,380,000	165,000
Capital appreciation bonds	33,329	-	(33,329)	-	-
Accreted interest on bonds	99,590	32,081	(131,671)	-	-
Total Series 2020B	<u>2,512,919</u>	<u>32,081</u>	<u>(165,000)</u>	<u>2,380,000</u>	<u>165,000</u>
Notes payable - financed purchases	<u>68,442</u>	<u>71,395</u>	<u>(52,533)</u>	<u>87,304</u>	<u>51,474</u>
Total long-term obligations	<u>\$ 9,406,651</u>	<u>\$ 227,594</u>	<u>\$ (477,533)</u>	<u>\$ 9,156,712</u>	<u>\$ 476,474</u>

Notes Payable – financed purchases: See Note 9 for detail.

B. Series 2020A&B General Obligation Bonds

On March 25, 2020, the District issued \$6,811,208 in Series 2020A general obligation bonds to refund \$6,865,000 of the Series 2013A general obligation bonds and \$2,499,970 in Series 2020B general obligation bonds to refund \$2,500,000 of the Series 2013B general obligations bonds. Interest payments are due June 1 and December 1 and the bonds are retired from the bond retirement fund, with a portion of the proceeds of a 3.62 mill voted property tax levy. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance).

The Series 2020A issue is comprised of both current interest bonds, par value \$6,480,000 and capital appreciation bonds, par value \$331,208. The interest rates on the current interest bonds range from 1.486% - 2.835%. The capital appreciation bonds mature December 1, 2020 through December 1, 2024 (approximate equivalent interest rate 48.50%) at a redemption price equal to 100% of the principal, plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2020 through December 1, 2024 range from \$105,000 to \$265,000. Total accreted value of the remaining capital appreciation bond at June 30, 2024 was \$209,408.

The Series 2020B issue is comprised of both current interest bonds, par value \$2,380,000 and capital appreciation bonds, par value \$119,970. The interest rates on the current interest bonds range from 1.386% - 2.635%. The capital appreciation bonds matured December 1, 2020 through December 1, 2023 (approximate equivalent interest rate 48.50%) at a redemption price equal to 100% of the principal, plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2020 through December 1, 2023 ranged from \$40,000 to \$165,000. All capital appreciation bond were retired at June 30, 2024.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - LONG-TERM DEBT - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$691,188. This advance refunding was undertaken to reduce the combined total debt service payments by \$1,621,296.

C. Future Debt Service Requirements

Future debt requirements are below:

Fiscal Year	Series 2020A					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ -	\$ 153,196	\$ 153,196	\$ 34,018	\$ 225,982	\$ 260,000
2026	285,000	151,078	436,078	-	-	-
2027	295,000	146,639	441,639	-	-	-
2028	295,000	141,921	436,921	-	-	-
2029	330,000	136,588	466,588	-	-	-
2030 - 2034	1,825,000	579,942	2,404,942	-	-	-
2035 - 2039	2,350,000	323,520	2,673,520	-	-	-
2040 - 2041	1,100,000	31,894	1,131,894	-	-	-
Total	<u>\$ 6,480,000</u>	<u>\$ 1,664,778</u>	<u>\$ 8,144,778</u>	<u>\$ 34,018</u>	<u>\$ 225,982</u>	<u>\$ 260,000</u>

Fiscal Year	Series 2020B		
	Current Interest Bonds		
	Principal	Interest	Total
2025	\$ 165,000	\$ 48,789	\$ 213,789
2026	165,000	46,379	211,379
2027	170,000	43,731	213,731
2028	170,000	40,927	210,927
2029	175,000	37,902	212,902
2030 - 2034	930,000	134,509	1,064,509
2035 - 2037	605,000	24,310	629,310
Total	<u>\$ 2,380,000</u>	<u>\$ 376,547</u>	<u>\$ 2,756,547</u>

D. Legal Debt Margins

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - LONG-TERM DEBT - (Continued)

The effects of these debt limitations at June 30, 2024 are a legal voted debt margin of \$11,426,697 (including available funds of \$2,386,987) and a legal unvoted debt margin of \$199,264.

NOTE 9 - NOTES PAYABLE - FINANCED PURCHASES

In the current and prior fiscal years, the District entered into financed purchase agreements for the acquisition of computer equipment. The financed purchase agreements meet the criteria of a financed purchase which defines a financed purchases generally as one which transfers benefits and risks of ownership at the conclusion of the term. Financed purchase payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Principal and interest payments in the 2024 fiscal year totaled \$52,533 and \$1,322, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum financed purchase payments required under the financed purchase agreements and the present value of the future minimum financed purchase payments as of June 30, 2024:

Fiscal Year <u>Ending June 30,</u>	<u>Amount</u>
2025	53,855
2026	18,872
2027	<u>18,871</u>
Total Minimum financed purchase payments	91,598
Less: amount representing interest	<u>(4,294)</u>
Present value of minimum financed purchase payments	<u>\$ 87,304</u>

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**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2024, the District contracted with Ohio School Plan (through the Stolly Insurance Group) for property, fleet insurance, liability insurance and violence coverage.

Coverages provided by Ohio School Plan are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
Building and Business Personal Property including EDP Replacement cost (\$1,000 deductible)	\$62,720,065
Violence Coverage	1,000,000
Automotive Liability	
Comprehensive deductibles: buses - \$1,000, all other - \$250	
Collision deductible: buses - \$1,000, all other - \$500	3,000,000
Uninsured / Underinsured Motorist Bodily Injury	1,000,000
General Liability	
Per Occurrence	3,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in amounts of insurance coverage for fiscal year 2024.

B. Workers' Compensation

For fiscal year 2024, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program Plan (the "Plan"). This Plan was created as a result of Amended House Bill 222 that mandated the creation of the Workers Compensation Group Rating Plan as defined in the Ohio Revised Code Section 4123.29. The intent of the Plan is to permit employers to Group together to potentially achieve a lower premium rate that they may not otherwise be able to acquire as individual employers.

The workers' compensation experience of the participating Districts is calculated, and the District is then placed in the level/tier for which they qualify based on a number of factors. Each participant pays its workers' compensation premium to the state based on the rate for the Plan level/tier rather than its individual rate. Participation in the Plan is limited to Districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan.

C. Employee Medical

The District is a member of the Southwestern Ohio Educational Purchasing Council and currently participates in their Medical Insurance Program. This program provides the district with HDP which is insured by Anthem. Dental Coverage is provided by Trustmark and Vision Insurance is provided by VSP. These plans are for active employees and their covered dependents.

Post-employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$249,374 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$882,963 for fiscal year 2024.

Net Pension Liability

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.045864900%	0.045308200%	
Proportion of the net pension liability current measurement date	<u>0.047032900%</u>	<u>0.045157880%</u>	
Change in proportionate share	<u>0.001168000%</u>	<u>-0.000150320%</u>	
Proportionate share of the net pension liability	\$ 2,598,812	\$ 9,724,722	\$ 12,323,534

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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

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

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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 the SERS' Statement of Investment Policy. Ohio Revised Code (ORC) 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal 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 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,835,711	\$ 2,598,812	\$ 1,556,957

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

* Final target weights reflected at October 1, 2022.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 14,954,469	\$ 9,724,722	\$ 5,301,786

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 11 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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. 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.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$35,786.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$35,786 for fiscal year 2024.

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability/Asset

The net OPEB liability/asset was measured as of June 30, 2023, 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.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.047043000%	0.045308200%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.048463500%</u>	<u>0.045157880%</u>	
Change in proportionate share	<u>0.001420500%</u>	<u>-0.000150320%</u>	
Proportionate share of the net OPEB liability	\$ 798,409	\$ -	\$ 798,409
Proportionate share of the net OPEB asset	\$ -	\$ (878,258)	\$ (878,258)

Actuarial Assumptions - SERS

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

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Fiduciary net position is projected to be depleted:	2048
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.27%
Prior measurement date	4.08%
Medical trend assumption:	
Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - 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.

Disabled Retirees - 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.

Contingent Survivors - 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.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering 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 long-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, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 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 was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 1,020,596	\$ 798,409	\$ 623,207
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 586,564	\$ 798,409	\$ 1,079,134

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.00%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

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

* Final target weights reflected at October 1, 2022.

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS' continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 743,331	\$ 878,258	\$ 995,766
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 1,001,219	\$ 878,258	\$ 730,155

NOTE 13 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the District.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	258,505
Current year qualifying expenditures	(234,845)
Current year offsets	<u>(246,693)</u>
Total	<u>\$ (223,033)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

NOTE 15 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 172,169
Nonmajor governmental funds	<u>772,653</u>
Total	<u>\$ 944,822</u>

NOTE 16 – MISCELLANEOUS RECEIPTS

Miscellaneous receipts in the capital projects fund are made up of donations for the Tiger Strong Field House project.

SUPPLEMENTARY INFORMATION

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
Budgetary receipts:				
Property taxes	\$ 3,683,465	\$ 3,683,465	\$ 3,645,629	\$ (37,836)
Income taxes	3,674,083	3,674,083	3,705,739	31,656
Intergovernmental	8,184,084	8,205,328	8,838,590	633,262
Investment earnings	279,300	554,300	608,869	54,569
Tuition and fees	360,641	360,641	312,882	(47,759)
Charges for services	13,500	13,500	11,750	(1,750)
Miscellaneous	81,006	81,006	138,962	57,956
Total budgetary receipts	<u>16,276,079</u>	<u>16,572,323</u>	<u>17,262,421</u>	<u>690,098</u>
Budgetary disbursements:				
Current:				
Instruction:				
Regular	7,109,501	7,067,939	6,732,504	(335,435)
Special	2,378,210	2,347,574	2,070,681	(276,893)
Vocational	226,301	224,800	210,510	(14,290)
Other	176,672	206,901	197,291	(9,610)
Support services:				
Pupil	538,823	601,250	502,317	(98,933)
Instructional staff	1,240,426	1,404,956	1,033,055	(371,901)
Board of education	49,025	48,700	36,987	(11,713)
Administration	1,191,250	1,183,350	1,114,527	(68,823)
Fiscal	607,428	603,400	570,501	(32,899)
Operations and maintenance	1,677,525	1,733,701	1,442,811	(290,890)
Pupil transportation	1,297,567	1,288,962	958,151	(330,811)
Extracurricular activities	487,835	484,600	440,103	(44,497)
Total budgetary disbursements	<u>16,980,563</u>	<u>17,196,133</u>	<u>15,309,438</u>	<u>(1,886,695)</u>
Budgetary excess (deficiency) of receipts over (under) disbursements	(704,484)	(623,810)	1,952,983	2,576,793
Budgetary other financing sources (uses):				
Refund of prior year's disbursements	1,000	1,000	-	(1,000)
Transfers (out)	<u>(1,907,472)</u>	<u>(2,487,472)</u>	<u>(2,408,344)</u>	<u>79,128</u>
Total budgetary other financing sources (uses)	<u>(1,906,472)</u>	<u>(2,486,472)</u>	<u>(2,408,344)</u>	<u>78,128</u>
Net change in fund balance	(2,610,956)	(3,110,282)	(455,361)	2,498,665
Budgetary fund balance at beginning of year	10,436,457	10,436,457	10,436,457	-
Prior year encumbrances appropriated	111,613	111,613	111,613	-
Budgetary fund balance at end of year	<u>\$ 7,937,114</u>	<u>\$ 7,437,788</u>	<u>\$ 10,092,709</u>	<u>\$ 2,498,665</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of budgetary receipts, budgetary disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the cash basis are as follows:

	<u>General</u>
Budgetary basis	\$ (455,361)
Funds budgeted elsewhere	(7,158)
Encumbrances	<u>172,169</u>
Cash basis	<u><u>\$ (290,350)</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the uniform school supplies fund, the public school support fund, and the rotary fund.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2024	\$ 34,331
COVID-19 - National School Lunch Program - CN FOOD PRO SUPPLY	10.555	COVID-19, 2024	35,009
National School Lunch Program	10.555	2024	181,664
National School Lunch Program - Food Donation	10.555	2024	40,485
Total National School Lunch Program			257,158
Total Child Nutrition Cluster			291,489
<i>Direct</i>			
COVID-19 - Distance Learning and Telemedicine Loans and Grants	10.855	COVID-19, CLS00000078394	139,757
Total U.S. Department of Agriculture			431,246
U.S. FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct</i>			
COVID-19 - Emergency Connectivity Fund (ECF) Program - Equipment	32.009	COVID-19, ECOECF219001595811	40,000
Total U.S. Federal Communications Commission			40,000
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	14,451
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	95,700
Total Title I Grants to Local Educational Agencies			110,151
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	253,714
<i>Consortium Amount Passed/Transferred to Madison-Champaign Educational Service Center</i>			
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024	4,659
Total Special Education Cluster (IDEA)			258,373
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	19,100
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	491
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	7,818
Student Support and Academic Enrichment Program - Stronger Connections Grant	84.424F	84.424F, 2024	4,999
Total Student Support and Academic Enrichment Program			13,308
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	73,319
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	17,624
Total Education Stabilization Fund (ESF)			90,943
Total U.S. Department of Education			491,875
Total Expenditures of Federal Awards			\$ 963,121

The accompanying notes are an integral part of this schedule.

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the West Liberty-Salem Local School District under programs of the federal government for the fiscal year ended June 30, 2024 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the West Liberty-Salem Local School District, it is not intended to and does not present the financial position, or changes in net position of the West Liberty-Salem Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The West Liberty-Salem Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

The West Liberty-Salem Local School District reports commodities consumed on the Schedule at the entitlement value. The West Liberty-Salem Local School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE 5 – PASS-THROUGH FUNDS

The West Liberty-Salem Local School District was awarded federal program allocations to be administered on their behalf by the Madison-Champaign Educational Service Center. For fiscal year 2024, the West Liberty-Salem Local School District's allocations were as follows:

<u>Grant/Program Name</u>	<u>ALN</u>	<u>Passed/Transferred to</u>	<u>Award Amount</u>
Special Education-Preschool Grants (IDEA)	84.173A	Madison-Champaign Educational Service Center	\$ 4,659

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

West Liberty-Salem Local School District
Champaign County
7208 US Highway 68 North
West Liberty, Ohio 43357

To the Members of 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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Liberty-Salem Local School District, Champaign County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the West Liberty-Salem Local School District's basic financial statements and have issued our report thereon dated October 24, 2024, wherein we noted the West Liberty-Salem Local School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. 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.

West Liberty-Salem Local School District

Champaign County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the West Liberty-Salem Local School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

West Liberty-Salem Local School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the West Liberty-Salem Local School District's response to the finding identified in our audit and described in the accompanying corrective action plan. The West Liberty-Salem Local School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Julian & Grube, Inc.

October 24, 2024

**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

West Liberty-Salem Local School District
Champaign County
7208 US Highway 68 North
West Liberty, Ohio 43357

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the West Liberty-Salem Local School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the West Liberty-Salem Local School District's major federal programs for the fiscal year ended June 30, 2024. The West Liberty-Salem Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the West Liberty-Salem Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

West Liberty-Salem Local School District
Champaign County
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
October 24, 2024

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULE OF FINDINGS

2 CFR § 200.515

JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None Reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None Reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	Special Education Cluster; Distance Learning and Telemedicine Loans and Grants (ALN – 10.855)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**SCHEDULE OF FINDINGS - CONTINUED
2 CFR § 200.515
JUNE 30, 2024**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2024-001

Noncompliance

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the West Liberty-Salem Local School District (the "District") to file its annual financial reports in accordance with accounting principles generally accepted in the United States of America (GAAP).

The District prepared its annual financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the District being fined or other administrative remedies.

The District should prepare its annual financial statements in accordance with GAAP.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



WEST LIBERTY-SALEM
LOCAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2024

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2023-001	2013	<u>Noncompliance</u> - Ohio Admin. Code § 117-2-03(B) requires the District to prepare its annual financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the District prepares its financial statements on a cash basis, which is a comprehensive basis of accounting other than GAAP.	Not Corrected	Finding repeated as 2024-001 as the District did not prepare its annual financial statements in accordance with GAAP.



WEST LIBERTY-SALEM
LOCAL SCHOOL DISTRICT

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2024

Finding Number	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2024-001	The Board of Education plans to continue reporting on a basis other than generally accepted accounting principles (GAAP).	Unknown	Chelsea Baldwin, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT

CHAMPAIGN 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 1/2/2025

65 East State 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