



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WESTERN BROWN LOCAL SCHOOL DISTRICT  
BROWN COUNTY  
JUNE 30, 2024**

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BROWN COUNTY  
JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Western Brown Local School District  
Brown County  
524 West Main Street  
Mt. Orab, Ohio 45154

To the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Brown Local School District, Brown County, Ohio (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Brown Local School District, Brown County, Ohio as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 24, 2025

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**Western Brown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

The discussion and analysis of Western Brown Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

- The School District's overall financial net position decreased \$1,630,403 from the prior fiscal year.
- Total expenses increased \$2,501,519 from the prior fiscal year due to increases in extracurricular activities and operation and maintenance of plant.
- General revenues of governmental activities accounted for \$32,067,461 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,843,117 or 25 percent of total revenues of \$42,910,578.

### **Using the Basic Financial Statements**

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

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major fund with all other non-major funds presented in total in one column. The major fund of Western Brown Local School District is the General Fund.

### **Reporting the School District as a Whole**

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2024?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

**Western Brown Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major fund begins on page ten. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major fund.

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

### **The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal years 2024 and 2023:

**Western Brown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

(Table 1)  
**Net Position**

	<u>2024</u>	<u>2023</u>	<u>Change</u>
<b>Assets:</b>			
Current and Other Assets	\$32,823,166	\$35,950,887	(\$3,127,721)
Net OPEB Asset	2,137,174	2,936,713	(799,539)
Capital Assets, Net	<u>33,908,652</u>	<u>31,348,488</u>	<u>2,560,164</u>
Total Assets	<u>68,868,992</u>	<u>70,236,088</u>	<u>(1,367,096)</u>
<b>Deferred Outflows of Resources:</b>			
Pension	6,324,481	7,970,539	(1,646,058)
OPEB	<u>1,229,267</u>	<u>818,579</u>	<u>410,688</u>
Total Deferred Outflows of Resources	<u>7,553,748</u>	<u>8,789,118</u>	<u>(1,235,370)</u>
<b>Liabilities:</b>			
Current Liabilities	4,640,280	4,180,520	459,760
Long-Term Liabilities:			
Due Within One Year	221,576	222,586	(1,010)
Net Pension Liability	<u>29,887,081</u>	<u>31,961,579</u>	<u>(2,074,498)</u>
Net OPEB Liability	<u>1,859,061</u>	<u>1,757,810</u>	<u>101,251</u>
Other Amounts	<u>1,970,852</u>	<u>1,929,427</u>	<u>41,425</u>
Total Liabilities	<u>38,578,850</u>	<u>40,051,922</u>	<u>(1,473,072)</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	3,926,290	2,757,073	1,169,217
Revenue in Lieu of Taxes	924,270	811,908	112,362
Pension	<u>2,903,228</u>	<u>2,838,839</u>	<u>64,389</u>
OPEB	<u>3,684,933</u>	<u>4,529,892</u>	<u>(844,959)</u>
Total Deferred Inflows of Resources	<u>11,438,721</u>	<u>10,937,712</u>	<u>501,009</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	33,545,018	31,081,213	2,463,805
Restricted	<u>5,436,135</u>	<u>5,837,567</u>	<u>(401,432)</u>
Unrestricted (Deficit)	<u>(12,575,984)</u>	<u>(8,883,208)</u>	<u>(3,692,776)</u>
Total Net Position	<u>\$26,405,169</u>	<u>\$28,035,572</u>	<u>(\$1,630,403)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee

**Western Brown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

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

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

Total assets decreased by \$1,367,096 compared to prior fiscal year. This was mainly due to the decrease in cash and cash equivalents related to a decrease in property tax revenue during the fiscal year. The decrease was due to the timing of when the solar farm money was received compared to the prior fiscal year. Capital assets, net increased by \$2,560,164, primarily due to current year additions exceeding current year deletions and depreciation.

Total liabilities decreased \$1,473,072 due to a decrease in the net pension liability. The net pension liability decrease was mainly due to reductions in the School Districts proportionate share percentages for both pension systems compared to the prior fiscal year along with changes in assumptions for deferred outflows and deferred inflows. Deferred inflows of resources increased \$501,009 mainly due to the \$1,169,217 increase in property taxes, which was from the decrease in the amount available as an advance. The decrease was due to the timing of when the solar farm money was received compared to the prior fiscal year.

Total net position decreased \$1,630,403 from prior fiscal year. Net investment in capital assets increased by \$2,463,805. This was due to asset additions exceeding current year depreciation and deletions. Unrestricted net position decreased by \$3,692,776, mainly due to the changes to the State-wide pension systems' assumptions and benefit terms.

Table 2 shows the changes in net position for fiscal years 2024 and 2023.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, restricted grants, and contributions. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted interest, unrestricted donations, revenue in lieu of taxes, and miscellaneous.

**Western Brown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

(Table 2)  
**Changes in Net Position**

	2024	2023	Change
<b>Revenues:</b>			
Program Revenues:			
Charges for Services and Sales	\$1,710,034	\$1,760,734	(\$50,700)
Operating Grants and Contributions	9,045,646	6,700,003	2,345,643
Capital Grants and Contributions	87,437	140,000	(52,563)
Total Program Revenues	<u>10,843,117</u>	<u>8,600,737</u>	<u>2,242,380</u>
General Revenues:			
Property Taxes	5,320,512	6,611,605	(1,291,093)
Grants and Entitlements not Restricted to Specific Programs	24,598,795	25,329,748	(730,953)
Investment Earnings/Interest	866,326	265,528	600,798
Gifts and Donations not Restricted to Specific Programs	5,888	11,974	(6,086)
Revenue in Lieu of Taxes	626,158	886,901	(260,743)
Miscellaneous	649,782	191,547	458,235
Gain on Sale of Capital Assets	0	18,732	(18,732)
Total General Revenues	<u>32,067,461</u>	<u>33,316,035</u>	<u>(1,248,574)</u>
Total Revenues	<u>42,910,578</u>	<u>41,916,772</u>	<u>993,806</u>
<b>Program Expenses:</b>			
Instruction:			
Regular	19,208,287	19,069,136	139,151
Special	5,555,666	5,506,015	49,651
Vocational	256,223	245,648	10,575
Student Intervention Services	7,257	2,495	4,762
Support Services:			
Pupils	2,627,596	2,752,055	(124,459)
Instructional Staff	834,786	738,111	96,675
Board of Education	19,238	20,250	(1,012)
Administration	3,025,305	2,877,607	147,698
Fiscal	744,711	697,316	47,395
Operation and Maintenance of Plant	3,949,125	3,502,875	446,250
Pupil Transportation	2,837,851	2,648,201	189,650
Central	1,283,223	965,321	317,902
Operation of Non-Instructional Services	1,724,385	1,668,184	56,201
Extracurricular Activities	2,465,540	1,344,268	1,121,272
Interest	1,788	1,980	(192)
Total Expenses	<u>44,540,981</u>	<u>42,039,462</u>	<u>2,501,519</u>
Change in Net Position	<u>(1,630,403)</u>	<u>(122,690)</u>	<u>(1,507,713)</u>
Net Position at Beginning of Year	<u>28,035,572</u>	<u>28,158,262</u>	<u>(122,690)</u>
Net Position at End of Year	<u>\$26,405,169</u>	<u>\$28,035,572</u>	<u>(\$1,630,403)</u>

**Western Brown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

## **Governmental Activities**

The School District remains heavily reliant on State funding. Grants and Entitlements not restricted to specific programs made up 57 percent of total revenues of the Western Brown Local School District for fiscal year 2024.

Operating grants and contributions increased due to an increase in additional grant monies received from the Elementary and Secondary School Emergency Relief program. The decrease in property tax revenue is due to a decrease in the amount available as an advance this year compared to the prior fiscal year. The decrease was due to the timing of when the solar farm money was received compared to the prior fiscal year.

Instruction comprises 56 percent of governmental program expenses while support services are responsible for approximately 34 percent. Overall, expenses increased \$2,501,519 from fiscal year 2023.

The Statement of Activities shows the cost of program services and the charges for services and sales and grants and contributions, including interest, offsetting those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted grants and entitlements. The dependence upon tax revenues and intergovernmental foundation monies is apparent. The community and the State of Ohio, as a whole, provide the vast majority of resources for Western Brown Local School District students.

## **The School District's Funds**

Information about the School District's major fund starts on page 15. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$42,650,677 and expenditures of \$47,783,098.

The General Fund saw a decrease in fund balance of \$2,948,660. This was mainly due to a decrease in property tax revenues as well as an increase in capital outlay compared to the prior fiscal year. The increase in capital outlay was due to increased expenses from the completion of the playground project.

## **General Fund - Budget Highlights**

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

During the course of fiscal year 2024, the School District revised its estimated revenues and appropriations. A summary of the General Fund's original and final budgeted amounts starts on page 19, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, the original budgeted basis revenues and final budget amounts were \$35,065,909 and \$35,061,409 respectively. The School District's actual revenues were

**Western Brown Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
*Unaudited*

\$36,431,660 at fiscal year-end. The \$1,370,251 variance between final budget and actual revenue is primarily due to the increase in intergovernmental revenue and interest. Investment earnings increased mainly due to obtaining more favorable interest rates on investments compared to the prior fiscal year. Intergovernmental revenue increased due to additional revenues received from the State of Ohio through increases in State funding.

Original budget basis appropriations and final budget appropriations were \$41,856,819 and \$41,866,819, respectively. The School District's actual expenditures and encumbrances were \$38,683,903 at fiscal year-end. Actual expenditures were \$3,182,916 less than final budgeted appropriations due to the School District carefully monitoring expenses throughout the year.

The School District's ending unobligated cash balance was \$5,146,437 above the final budgeted amount.

## **Capital Assets and Debt Administration**

### **Capital Assets**

At the end of fiscal year 2024, the School District had \$33,908,652 invested in capital assets (net of accumulated depreciation). For further information regarding the School District's capital assets, refer to Note 9 in the Notes to the Basic Financial Statements.

### **Debt**

At June 30, 2024, the School District had \$89,533 in outstanding leases.

At June 30, 2024, the School District's overall legal debt margin was \$30,382,557, with an unvoted debt margin of \$337,584.

For further information regarding the School District's debt obligations, refer to Note 14 in the Notes to the Basic Financial Statements.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Denny Dunlap, Treasurer, Western Brown Local School District, 524 West Main Street, Mt. Orab, OH 45154, or e-mail at [Denny.Dunlap@wbbbroncos.com](mailto:Denny.Dunlap@wbbbroncos.com).

**Western Brown Local School District**

*Statement of Net Position*

June 30, 2024

	Governmental Activities
<b><i>Assets:</i></b>	
Equity in Pooled Cash and Cash Equivalents	\$24,667,521
Inventory Held for Resale	5,222
Materials and Supplies Inventory	1,936
Taxes Receivable	6,097,162
Revenue in Lieu of Taxes Receivable	924,270
Accounts Receivable	49,769
Accrued Interest Receivable	10,878
Intergovernmental Receivable	1,032,961
Prepaid Items	33,447
Net OPEB Asset	2,137,174
Capital Assets:	
Nondepreciable Capital Assets	2,567,453
Depreciable Capital Assets, Net	<u>31,341,199</u>
<i>Total Assets</i>	<u>68,868,992</u>
<b><i>Deferred Outflows of Resources:</i></b>	
Pension	6,324,481
OPEB	<u>1,229,267</u>
<i>Total Deferred Outflows of Resources</i>	<u>7,553,748</u>
<b><i>Liabilities:</i></b>	
Accounts Payable	291,009
Retainage Payable	274,101
Accrued Wages and Benefits Payable	3,504,383
Intergovernmental Payable	478,522
Matured Compensated Absences Payable	92,265
Long-Term Liabilities:	
Due Within One Year	221,576
Due in More Than One Year:	
Net Pension Liability	29,887,081
OPEB Liability	1,859,061
Other Amounts	<u>1,970,852</u>
<i>Total Liabilities</i>	<u>38,578,850</u>
<b><i>Deferred Inflows of Resources:</i></b>	
Property Taxes	3,926,290
Revenue in Lieu of Taxes	924,270
Pension	2,903,228
OPEB	<u>3,684,933</u>
<i>Total Deferred Inflows of Resources</i>	<u>\$11,438,721</u>

*(continued)*

**Western Brown Local School District**

*Statement of Net Position*

*June 30, 2024*

*(Continued)*

**Net Position:**

Net Investment in Capital Assets	\$33,545,018
Restricted for:	
Capital Outlay	119,200
Classroom Facilities	1,743,408
District Managed Activities	192,951
Miscellaneous Grants	179,988
Food Service	774,934
Scholarships	95,131
Student Managed Activities	193,349
Pension/OPEB Plans	2,137,174
Unrestricted (Deficit)	<u>(12,575,984)</u>
<i>Total Net Position</i>	<u><u>\$26,405,169</u></u>

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
				Total Governmental Activities	
<b><u>Governmental Activities:</u></b>					
Instruction:					
Regular	\$19,208,287	\$384,198	\$2,460,964	\$0	(\$16,363,125)
Special	5,555,666	91,825	3,875,791	0	(1,588,050)
Vocational	256,223	0	192,983	0	(63,240)
Student Intervention Services	7,257	0	0	0	(7,257)
Support Services:					
Pupils	2,627,596	50,879	25,000	0	(2,551,717)
Instructional Staff	834,786	0	967,237	0	132,451
Board of Education	19,238	0	0	0	(19,238)
Administration	3,025,305	58,646	0	0	(2,966,659)
Fiscal	744,711	0	0	500	(744,211)
Operation and					
Maintenance of Plant	3,949,125	81,728	12,139	0	(3,855,258)
Pupil Transportation	2,837,851	52,991	189,118	0	(2,595,742)
Central	1,283,223	0	7,990	0	(1,275,233)
Operation of Non-Instructional Services					
Extracurricular Activities	1,724,385	350,715	1,288,520	0	(85,150)
Interest	2,465,540	639,052	25,904	86,937	(1,713,647)
	1,788	0	0	0	(1,788)
<i>Total Governmental Activities</i>	<i>\$44,540,981</i>	<i>\$1,710,034</i>	<i>\$9,045,646</i>	<i>\$87,437</i>	<i>(33,697,864)</i>
<b><u>General Revenues:</u></b>					
Property Taxes Levied for:					
General Purposes				5,320,512	
Grants and Entitlements not Restricted to					
Specific Programs				24,598,795	
Investment Earnings/Interest				866,326	
Gifts and Donations not Restricted to					
Specific Programs				5,888	
Revenue in Lieu of Taxes				626,158	
Miscellaneous				649,782	
<i>Total General Revenues</i>				<i>32,067,461</i>	
<i>Change in Net Position</i>				<i>(1,630,403)</i>	
<i>Net Position at Beginning of Year</i>				<i>28,035,572</i>	
<i>Net Position at End of Year</i>				<i>\$26,405,169</i>	

See accompanying notes to the basic financial statements

**Western Brown Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2024*

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$21,144,606	\$3,522,915	\$24,667,521
Inventory Held for Resale	0	5,222	5,222
Materials and Supplies Inventory	0	1,936	1,936
Receivables:			
Taxes	6,097,162	0	6,097,162
Revenue in Lieu of Taxes	924,270	0	924,270
Accounts	48,425	1,344	49,769
Accrued Interest	10,878	0	10,878
Intergovernmental	50,273	982,688	1,032,961
Interfund	635,200	0	635,200
Prepaid Items	33,447	0	33,447
<i>Total Assets</i>	<u>\$28,944,261</u>	<u>\$4,514,105</u>	<u>\$33,458,366</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	\$263,219	\$27,790	\$291,009
Retainage Payable	121,024	153,077	274,101
Accrued Wages and Benefits Payable	3,023,607	480,776	3,504,383
Interfund Payable	0	635,200	635,200
Intergovernmental Payable	431,660	46,862	478,522
Matured Compensated Absences Payable	92,265	0	92,265
<i>Total Liabilities</i>	<u>3,931,775</u>	<u>1,343,705</u>	<u>5,275,480</u>
<b><u>Deferred Inflows of Resources:</u></b>			
Property Taxes	3,926,290	0	3,926,290
Revenue in Lieu of Taxes	924,270	0	924,270
Unavailable Revenue	304,254	318,862	623,116
<i>Total Deferred Inflows of Resources</i>	<u>5,154,814</u>	<u>318,862</u>	<u>5,473,676</u>
<b><u>Fund Balances:</u></b>			
Nonspendable	33,447	1,936	35,383
Restricted	0	3,180,422	3,180,422
Committed	258,693	0	258,693
Assigned	4,967,453	0	4,967,453
Unassigned (Deficit)	14,598,079	(330,820)	14,267,259
<i>Total Fund Balances</i>	<u>19,857,672</u>	<u>2,851,538</u>	<u>22,709,210</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$28,944,261</u></u>	<u><u>\$4,514,105</u></u>	<u><u>\$33,458,366</u></u>

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2024**

**Total Governmental Fund Balances** \$22,709,210

*Amounts reported for governmental activities in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 33,908,652

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	298,169
Intergovernmental	318,862
Accrued Interest	6,085
Total Unavailable Revenues	623,116

The net pension/OPEB liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	2,137,174
Deferred Outflows - Pension	6,324,481
Deferred Outflows - OPEB	1,229,267
Net Pension Liability	(29,887,081)
Net OPEB Liability	(1,859,061)
Deferred Inflows - Pension	(2,903,228)
Deferred Inflows - OPEB	(3,684,933)
Total Pension/OPEB	(28,643,381)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Lease payable	(89,533)
Compensated absences payable	(2,102,895)
Total liabilities	(2,192,428)

**Net Position of Governmental Activities** \$26,405,169

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2024**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>			
Property Taxes	\$5,320,722	\$0	\$5,320,722
Intergovernmental	27,193,086	6,131,364	33,324,450
Investment Earnings/Interest	839,220	24,142	863,362
Tuition and Fees	673,564	10,551	684,115
Extracurricular Activities	46,226	627,978	674,204
Rent	1,000	0	1,000
Contributions and Donations	93,325	62,844	156,169
Customer Sales and Services	0	350,715	350,715
Revenue in Lieu of Taxes	626,158	0	626,158
Miscellaneous	621,519	28,263	649,782
<i>Total Revenues</i>	<i>35,414,820</i>	<i>7,235,857</i>	<i>42,650,677</i>
<b><u>Expenditures:</u></b>			
Current:			
Instruction:			
Regular	16,406,284	1,501,272	17,907,556
Special	4,457,643	1,072,762	5,530,405
Vocational	237,224	588	237,812
Student Intervention Services	0	7,257	7,257
Support Services:			
Pupils	2,498,264	127,464	2,625,728
Instructional Staff	477,126	364,941	842,067
Board of Education	19,238	0	19,238
Administration	2,855,154	4,400	2,859,554
Fiscal	756,211	0	756,211
Operation and Maintenance of Plant	3,906,036	109,973	4,016,009
Pupil Transportation	2,564,601	8,806	2,573,407
Central	1,232,893	54,707	1,287,600
Operation of Non-Instructional Services	3,857	1,721,721	1,725,578
Extracurricular Activities	686,990	699,764	1,386,754
Capital Outlay	2,237,226	3,742,503	5,979,729
Debt Service:			
Principal Retirement	26,405	0	26,405
Interest	1,788	0	1,788
<i>Total Expenditures</i>	<i>38,366,940</i>	<i>9,416,158</i>	<i>47,783,098</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(2,952,120)</i>	<i>(2,180,301)</i>	<i>(5,132,421)</i>
<b><u>Other Financing Sources:</u></b>			
Proceeds from Sale of Capital Assets	3,460	0	3,460
<i>Net Change in Fund Balances</i>	<i>(2,948,660)</i>	<i>(2,180,301)</i>	<i>(5,128,961)</i>
<i>Fund Balances at Beginning of Year</i>	<i>22,806,332</i>	<i>5,031,839</i>	<i>27,838,171</i>
<i>Fund Balances at End of Year</i>	<i>\$19,857,672</i>	<i>\$2,851,538</i>	<i>\$22,709,210</i>

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2024**

**Net Change in Fund Balances - Total Governmental Funds** (\$5,128,961)

***Amounts reported for governmental activities in the statement of activities are different because:***

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	6,224,839
Depreciation expense	<u>(2,251,455)</u>
Excess of capital outlay over depreciation expense	3,973,384

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.

Proceeds from Sale of Capital Assets	(3,460)
Loss on disposal of Capital Assets	<u>(1,409,760)</u>
Total	(1,413,220)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent property taxes	(210)
Intergovernmental	257,147
Investment Earnings	<u>2,964</u>
Total	259,901

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:

Lease Payment	26,405
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Modification of leases are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Modification of Lease	(49,555)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	2,834,951
OPEB	<u>79,101</u>
Total	2,914,052

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension expense in the statement of activities.

Pension	(2,470,900)
OPEB	<u>275,756</u>
Total	(2,195,144)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences	<u>(17,265)</u>
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**Change in Net Position of Governmental Activities** (\$1,630,403)

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2024**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$6,137,651	\$6,137,651	\$6,067,010	(\$70,641)
Intergovernmental	27,185,158	27,185,158	27,521,774	336,616
Interest	226,500	226,500	834,166	607,666
Tuition and Fees	447,167	447,167	647,962	200,795
Extracurricular Activities	57,300	52,800	45,703	(7,097)
Rent	1,000	1,000	1,000	0
Contributions and Donations	52,200	52,200	93,708	41,508
Revenue in Lieu of Taxes	368,640	368,640	626,158	257,518
Miscellaneous	<u>590,293</u>	<u>590,293</u>	<u>594,179</u>	<u>3,886</u>
<i>Total Revenues</i>	<u>35,065,909</u>	<u>35,061,409</u>	<u>36,431,660</u>	<u>1,370,251</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	20,536,833	17,493,136	16,435,935	1,057,201
Special	4,299,449	4,452,269	4,447,397	4,872
Vocational	204,923	237,188	237,146	42
Support Services:				
Pupils	1,947,922	2,448,992	2,435,148	13,844
Instructional Staff	521,532	521,532	476,889	44,643
Board of Education	17,288	19,260	19,238	22
Administration	2,412,460	2,851,792	2,841,502	10,290
Fiscal	795,821	796,457	759,157	37,300
Operation and Maintenance of Plant	4,264,496	4,438,671	4,037,216	401,455
Pupil Transportation	2,838,706	3,221,687	2,701,707	519,980
Central	1,116,920	1,232,077	1,228,107	3,970
Operation of Non-Instructional Services	3,522	6,022	3,857	2,165
Extracurricular Activities	732,565	765,948	696,053	69,895
Capital Outlay	<u>2,164,382</u>	<u>3,381,788</u>	<u>2,364,551</u>	<u>1,017,237</u>
<i>Total Expenditures</i>	<u>41,856,819</u>	<u>41,866,819</u>	<u>38,683,903</u>	<u>3,182,916</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(\$6,790,910)</u>	<u>(\$6,805,410)</u>	<u>(\$2,252,243)</u>	<u>\$4,553,167</u>
				<i>(continued)</i>

**Western Brown Local School District**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2024**  
**(Continued)**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><i>Other Financing Sources (Uses):</i></b>				
Proceeds from Sale of Capital Assets	\$0	\$0	\$3,460	\$3,460
Refund of Prior Year Expenditures	0	0	20,224	\$20,224
Advances In	0	0	1,130,275	1,130,275
Advances Out	(75,620)	(75,620)	(636,309)	(560,689)
<i>Total Other Financing Sources (Uses)</i>	<i>(75,620)</i>	<i>(75,620)</i>	<i>517,650</i>	<i>593,270</i>
<i>Net Change in Fund Balance</i>	<i>(6,866,530)</i>	<i>(6,881,030)</i>	<i>(1,734,593)</i>	<i>5,146,437</i>
<i>Fund Balance at Beginning of Year</i>	<i>20,059,570</i>	<i>20,059,570</i>	<i>20,059,570</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>1,967,549</i>	<i>1,967,549</i>	<i>1,967,549</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i><u>\$15,160,589</u></i>	<i><u>\$15,146,089</u></i>	<i><u>\$20,292,526</u></i>	<i><u>\$5,146,437</u></i>

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
*Statement of Change in Fiduciary Net Position*  
*Custodial Fund*  
*For the Fiscal Year Ended June 30, 2024*

	<u>OHSAA Fund</u>
<b><u>Additions:</u></b>	
Charges Received for OHSAA	<u>\$11,528</u>
<b><u>Deductions:</u></b>	
Distributions on Behalf of OHSAA	<u>11,528</u>
<i>Change in Net Position</i>	<i>0</i>
<i>Net Position at Beginning of Year</i>	<u>0</u>
<i>Net Position at End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District. The Board controls the School District's four instructional support facilities staffed by 117 non-certificated, 177 teaching and 21 administrative employees providing education to 2,724 students.

The School District serves an area of approximately 141 square miles. It is located in Brown County, and includes the Village of Mt. Orab, the Village of Hamersville and portions of surrounding townships.

**Reporting Entity**

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

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

The School District participates in five jointly governed organizations, two public entity shared risk pools and one insurance purchasing pool. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Metropolitan Educational Technology Association (META)  
Hamilton/Clermont Cooperative (HCC)  
Unified Purchasing Cooperative of the Ohio River Valley  
Southern Hills Joint Vocational School District  
Southwestern Ohio Educational Purchasing Council (SOEPC)

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

Public Entity Shared Risk Pool:  
Brown County Schools Benefits Consortium  
Schools of Ohio Risk Sharing Authority (SORSA)

Insurance Purchasing Pool:  
Ohio SchoolComp Workers' Compensation Group Rating Plan

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

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

**Government-wide Financial Statements**

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

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

**Fund Financial Statements**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

### **Fund Accounting**

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

#### **Governmental Funds**

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

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

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

#### **Fiduciary Funds**

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

### **Measurement Focus**

#### **Government-wide Financial Statements**

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities reports increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

**Fund Financial Statements**

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

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

**Basis of Accounting**

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

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes and revenue in lieu of taxes is

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, revenue in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 11 and 12)

**Expenses/Expenditures**

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

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

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**Pensions/Other Postemployment Benefits (OPEB)**

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

**Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in pooled cash and cash equivalents”.

During fiscal year 2024, the School District invested in STAROhio, a Money Market Mutual Fund, US Treasury Bills, and Negotiable Certificates of Deposit. Investments, not including STAROhio, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund’s current share price.

STAROhio (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. STAROhio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAROhio at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant’s accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest credited to the General Fund during fiscal year 2024 was \$839,220, which included \$99,160 assigned from other School District funds.

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

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### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable/Payable”. Interfund balances are eliminated in the Statement of Net Position.

### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

### **Inventory**

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

### **Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Buildings and Improvements	10 - 75 years
Furniture and Equipment	5 - 20 years
Vehicles	3 - 15 years

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The School District is reporting intangible right to use assets related to leased equipment. The lease assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

### **Compensated Absences**

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

### **Accrued Liabilities and Long-term Obligations**

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

### **Leases**

The School District serves as lessee in a noncancellable lease which is accounted for as follows:

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Lessee - At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### **Fund Balance**

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or State Statute. State statute authorizes the Treasurer to assign fund balance for purchase orders provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the fiscal year 2025 appropriation budget.

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

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

### **Net Position**

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for Pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the pension and OPEB plans for future benefits.

### **Internal Activity**

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

### **Budgetary Process**

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

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

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

**Estimates**

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

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND CHANGES TO OR WITHIN THE FINANCIAL REPORTING ENTITY**

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position.

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In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position.

**Change within the Financial Reporting Entity**

For fiscal year 2024, the Elementary and Secondary School Emergency Relief (ESSER) special revenue fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. However, this fund had zero fund balance at the end of fiscal year 2023. Therefore, there is no beginning balance to present on the financial statements moving from major to nonmajor.

**NOTE 4 – ACCOUNTABILITY**

At June 30, 2024, the following nonmajor special revenue funds had deficit fund balances:

Funds	Amounts
Elementary and Secondary School Emergency Relief	\$186,664
IDEA- Part B Special Education	64,565
Title I School Improvement	62,613
Title IV-A	16,978
Total	<u><u>\$330,820</u></u>

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

**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General Fund
GAAP Basis	(\$2,948,660)
<b>Adjustments:</b>	
Revenue Accruals	2,165,965
Expenditure Accruals	(137,652)
Encumbrances	(815,620)
Change in Fair Market Value of Investments - 2023	37,834
Change in Fair Market Value of Investments - 2024	(36,460)
<b>Budget Basis</b>	<b><u>(\$1,734,593)</u></b>

#### **NOTE 6 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the 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 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 (STAROhio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an account not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

**Investments**

As of June 30, 2024, the School District had the following investments, which are in an internal investment pool:

Measurement/Investment	Measurement		Standard & Poor's Rating	Percent of Total Investments
	Amount	Maturity		
Net Asset Value per Share:				
STAROhio	<u>\$2,346,841</u>	Less than one year	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Mutual Fund	<u>38,000</u>	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
US Treasury Bills	<u>2,848,838</u>	Less than one year	A-1+	42.49 %
Negotiable Certificates of Deposit	<u>1,470,750</u>	Less than two years	N/A	21.94
Total Fair Value - Level Two Inputs	<u>4,319,588</u>			
Total Investments	<u><u>\$6,704,429</u></u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. The School District's investment in STAROhio is measured at net asset value per share. The money market mutual fund is measured at fair value using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

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Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

The Standard and Poor's rating of the School District's investments is listed in the table above. STAROhio is permitted by Ohio Revised Code Section 135.45. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized statistical rating organization and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount it may invest in any one issuer.

**NOTE 7 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien 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 currently is assessed at varying percentages of true value.

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The School District receives property taxes from Brown County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2024, was \$1,872,703 and is recognized as revenue in the General Fund. The amount available as an advance at June 30, 2023, was \$2,618,991 in the General Fund.

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

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

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$315,128,690	95.35%	\$319,572,220	94.66%
Public Utility Personal	15,352,020	4.65%	18,011,750	5.34%
Total Assessed Value	<u>\$330,480,710</u>	<u>100.00%</u>	<u>\$337,583,970</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$20.00		\$20.00

**Revenue in Lieu of Taxes**

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of TIF agreements are presented on the financial statements as Revenue in Lieu of Taxes.

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**NOTE 8 – RECEIVABLES**

Receivables at June 30, 2024, consisted of property taxes, revenue in lieu of taxes, accounts, interest, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The intergovernmental receivables are as follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Elementary and Secondary School Emergency Relief Fund	\$697,191
IDEA-Part B Special Education	119,071
Title I School Improvement	134,819
Title IV-A Student Support and Academic Enrichment	24,100
Title II-A Improving Teacher Quality	7,507
Medicaid	21,447
Foundation Adjustment	28,826
Total Intergovernmental Receivables	<u><u>\$1,032,961</u></u>

**NOTE 9 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024
<b><u>Governmental Activities:</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$2,567,453	\$0	\$0	\$2,567,453
Construction in Progress	1,543,916	2,814,600	(4,358,516)	0
Total Capital Assets, Not Being Depreciated	<u>4,111,369</u>	<u>2,814,600</u>	<u>(4,358,516)</u>	<u>2,567,453</u>
Capital Assets Being Depreciated/Amortized:				
Tangible Assets:				
Buildings and Improvements	66,594,145	4,386,041	(3,589,540)	67,390,646
Furniture and Equipment	8,261,120	3,094,021	(851,319)	10,503,822
Vehicles	3,880,692	239,138	(108,775)	4,011,055
Total Tangible Assets:	<u>78,735,957</u>	<u>7,719,200</u>	<u>(4,549,634)</u>	<u>81,905,523</u>
Intangible Right to Use:				
Lease Assets:				
Equipment	150,890	49,555	0	200,445
Total Capital Assets Being Depreciated/Amortized	<u>\$78,886,847</u>	<u>\$7,768,755</u>	<u>(\$4,549,634)</u>	<u>\$82,105,968</u>
				<i>(continued)</i>

**Western Brown Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

	Balance 6/30/2023	Additions	Deductions	Balance 6/30/2024
<b>Governmental Activities:</b>				
Less Accumulated Depreciation/Amortization:				
Depreciation:				
Buildings and Improvements	(\$41,244,367)	(\$1,723,748)	\$2,176,320	(\$40,791,795)
Furniture and Equipment	(7,817,331)	(193,178)	851,319	(7,159,190)
Vehicles	(2,497,496)	(307,612)	108,775	(2,696,333)
Total Depreciation:	<u>(51,559,194)</u>	<u>(2,224,538)</u>	<u>3,136,414</u>	<u>(50,647,318)</u>
Amortization:				
Intangible Right to Use:				
Lease Assets:				
Equipment	(90,534)	(26,917)	0	(117,451)
Total Accumulated Depreciation/Amortization	<u>(51,649,728)</u>	<u>(2,251,455)</u> *	<u>3,136,414</u>	<u>(50,764,769)</u>
Total Capital Assets Being Depreciated, Net	<u>27,237,119</u>	<u>5,517,300</u>	<u>(1,413,220)</u>	<u>31,341,199</u>
Governmental Activities Capital Assets, Net	<u>\$31,348,488</u>	<u>\$8,331,900</u>	<u>(\$5,771,736)</u>	<u>\$33,908,652</u>

\* Depreciation/Amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
<b>Instruction:</b>			
Regular	\$1,307,084	\$26,917	\$1,334,001
Special	81,393	0	81,393
Vocational	16,958	0	16,958
<b>Support Services:</b>			
Pupils	55,223	0	55,223
Administration	227,454	0	227,454
Fiscal	8,823	0	8,823
Operation and Maintenance of Plant	43,099	0	43,099
Pupil Transportation	309,253	0	309,253
Central	12,189	0	12,189
Operation of Non-Instructional Services	34,692	0	34,692
Extracurricular Activities	128,370	0	128,370
<b>Total</b>	<b><u>\$2,224,538</u></b>	<b><u>\$26,917</u></b>	<b><u>\$2,251,455</u></b>

The School District disposed of several other assets, which were all fully depreciated, during the fiscal year, and received \$3,460 for those assets.

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 10 – RISK MANAGEMENT**

**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for general liability insurance and School Board errors and omissions coverage. The School District contracted with SORSA for commercial umbrella liability insurance. The School District's vehicles are covered by SORSA under a business policy.

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

**Workers' Compensation**

For fiscal year 2024, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

**Employee Medical**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk pool (see Note 17) consisting of nine districts. The Consortium has elected to have United Healthcare provide medical coverage purchased as a group through the Consortium. Dental coverage is being provided through a shared risk pool based on member districts' number of employees. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and dental benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member relinquishes their portion of equity in the Consortium's cash pool.

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

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

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**Net Pension/Net OPEB Liability**

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**Plan Description - School Employees Retirement System (SERS)**

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

The School District's contractually required contribution to SERS was \$668,720 for fiscal year 2024, of which \$22,592 is reported as an intergovernmental payable.

**Plan Description – State Teachers Retirement System (STRS)**

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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 their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty 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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$2,166,231 for fiscal year 2024. Of this amount, \$361,951 is reported as an intergovernmental payable.

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

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

**Western Brown Local School District**  
**Notes to the Basic Financial Statements**  
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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11261790%	0.10988823%	
Prior Measurement Date	0.12478060%	0.11341580%	
Change in Proportionate Share	<u>-0.01216270%</u>	<u>-0.00352757%</u>	
Proportionate Share of the Net			
Pension Liability	\$6,222,720	\$23,664,361	\$29,887,081
Pension Expense	\$519,657	\$1,951,243	\$2,470,900

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$267,467	\$862,753	\$1,130,220
Changes of assumptions	44,079	1,948,889	1,992,968
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	16,379	349,963	366,342
School District contributions subsequent to the measurement date	668,720	2,166,231	2,834,951
Total Deferred Outflows of Resources	<u>\$996,645</u>	<u>\$5,327,836</u>	<u>\$6,324,481</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$0	\$52,512	\$52,512
Changes of assumptions	0	1,466,953	1,466,953
Net difference between projected and actual earnings on pension plan investments	87,466	70,923	158,389
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	476,800	748,574	1,225,374
Total Deferred Inflows of Resources	<u>\$564,266</u>	<u>\$2,338,962</u>	<u>\$2,903,228</u>

\$2,834,951 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Western Brown Local School District**  
**Notes to the Basic Financial Statements**  
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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$110,742)	(\$291,564)	(\$402,306)
2026	(410,242)	(783,002)	(1,193,244)
2027	280,007	2,187,317	2,467,324
2028	4,636	(290,108)	(285,472)
Total	<u>(\$236,341)</u>	<u>\$822,643</u>	<u>\$586,302</u>

**Actuarial Assumptions – SERS**

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

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

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

	June 30, 2023
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

**Western Brown Local School District**  
*Notes to the Basic Financial Statements*  
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Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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 total pension liability for 2023 was calculated using the discount rate of 7.00 percent. 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 for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. 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 percent.

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

	Current	1% Decrease	1% Increase
	Discount Rate	(6.00%)	(7.00%)
School District's proportionate share of the net pension liability	\$9,184,415	\$6,222,720	\$3,728,054

### **Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

	June 30, 2023
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent 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:

**Western Brown Local School District**  
**Notes to the Basic Financial Statements**  
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Asset Class	Target Allocation *	Long-Term Expected 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.

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$36,390,551	\$23,664,361	\$12,901,488

### **Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2024, three members of the Board of Education have elected Social Security. The contribution rate is 6.20 percent of wages.

**Western Brown Local School District**  
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**NOTE 12 – DEFINED BENEFIT OPEB PLANS**

See Note 11 for a description of the net OPEB liability.

**Plan Description - School Employees Retirement System (SERS)**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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](http://www.ohsers.org) under Employers/Audit Resources.

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. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is

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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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$79,101.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$79,101 for fiscal year 2024, all of which is reported as an intergovernmental payable.

**Plan Description – State Teachers Retirement System of Ohio (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](http://www.strsoh.org) or by calling (888) 227-7877.

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

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.11284500%	0.10988823%	
Prior Measurement Date	0.12519930%	0.11341580%	
Change in Proportionate Share	<u>-0.01235430%</u>	<u>-0.00352757%</u>	
Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$2,137,174)	(\$2,137,174)
Net OPEB Liability	\$1,859,061	\$0	\$1,859,061
OPEB Expense	(\$183,754)	(\$92,002)	(\$275,756)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$3,873	\$3,332	\$7,205
Changes of assumptions	628,603	314,837	943,440
Net difference between projected and actual earnings on pension plan investments	14,408	3,815	18,223
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	160,850	20,448	181,298
School District contributions subsequent to the measurement date	79,101	0	79,101
<b>Total Deferred Outflows of Resources</b>	<b>\$886,835</b>	<b>\$342,432</b>	<b>\$1,229,267</b>

**Deferred Inflows of Resources:**

Differences between expected and actual experience	\$958,786	\$325,971	\$1,284,757
Changes of assumptions	527,990	1,410,075	1,938,065
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	455,431	6,680	462,111
<b>Total Deferred Inflows of Resources</b>	<b>\$1,942,207</b>	<b>\$1,742,726</b>	<b>\$3,684,933</b>

\$79,101 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2025	(\$322,662)	(\$626,153)	(\$948,815)
2026	(261,081)	(284,843)	(545,924)
2027	(154,978)	(108,120)	(263,098)
2028	(117,331)	(146,847)	(264,178)
2029	(112,533)	(134,380)	(246,913)
Thereafter	<u>(165,888)</u>	<u>(99,951)</u>	<u>(265,839)</u>
<b>Total</b>	<b><u>(\$1,134,473)</u></b>	<b><u>(\$1,400,294)</u></b>	<b><u>(\$2,534,767)</u></b>

**Actuarial Assumptions – SERS**

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

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

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

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

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	June 30, 2023
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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-

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term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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

	Current	1% Decrease	Discount Rate	1 % Increase
		(3.27%)	(4.27%)	(5.27%)
School District's proportionate share of the net OPEB liability		\$2,376,410	\$1,859,061	\$1,451,108
	Current	1% Decrease	Trend Rate	1% Increase
		(5.75% decreasing to 3.40%)	(6.75% decreasing to 4.40%)	(7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability		\$1,365,787	\$1,859,061	\$2,512,713

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**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the

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long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,808,838)	(\$2,137,174)	(\$2,423,120)
	1% Decrease Trend Rate	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,436,389)	(\$2,137,174)	(\$1,776,775)

## **NOTE 13 – EMPLOYEE BENEFITS**

### **Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions and State laws. Eligible classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Administrators who are not on a 12 month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each fiscal year under contract. Only 250 days of sick leave may be accumulated during regular employment. Upon severance from the School District, payment is made for one-quarter of administrators' accumulated, but unused sick leave credit and one-fourth of teachers' and classified employees' accumulated, but unused sick leave credit.

### **Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through a private insurance carrier. Vision insurance is provided by Vision Service Plan.

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**NOTE 14 – LONG-TERM LIABILITIES**

The changes in the School District's long-term liabilities during fiscal year 2024 were as follows:

	Amount Outstanding 6/30/2023	Additions	Deductions	Amount Outstanding 6/30/2024	Amounts Due in One Year
<b><u>Other Long-Term Obligations:</u></b>					
Net Pension Liability:					
SERS	\$6,749,104	\$0	\$526,384	\$6,222,720	\$0
STRS	25,212,475	0	1,548,114	23,664,361	0
Total Net Pension Liability	<u>31,961,579</u>	<u>0</u>	<u>2,074,498</u>	<u>29,887,081</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,757,810	101,251	0	1,859,061	0
Compensated Absences	2,085,630	242,925	225,660	2,102,895	193,261
Lease	66,383	49,555	26,405	89,533	28,315
Total Governmental Activities					
Long-Term Obligations	<u>\$35,871,402</u>	<u>\$393,731</u>	<u>\$2,326,563</u>	<u>\$33,938,570</u>	<u>\$221,576</u>

The School District has an outstanding agreement to lease copiers. Under GASB Statement No. 87, this lease meets the criteria of a lease thus requiring it to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest	Total
2025	\$28,315	\$1,841	\$30,156
2026	29,003	1,153	30,156
2027	29,706	450	30,156
2028	2,509	4	2,513
	<u>\$89,533</u>	<u>\$3,448</u>	<u>\$92,981</u>

Compensated absences will be paid from the General Fund and the Food Service, Elementary and Secondary School Emergency Relief Fund, Title VI-B, and Title I special revenue funds. There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the following funds: General, Food Service, Student Wellness, Title VI-B, and Title I. For additional information related to the net pension/OPEB liability see Notes 11 and 12.

The School District's overall legal debt margin was \$30,382,557 with an unvoted debt margin of \$337,584 at June 30, 2024.

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**NOTE 15 – INTERFUND ACTIVITY**

As of June 30, 2024, receivables and payables that resulted from various interfund transactions were as follows:

Payable	Receivable
Nonmajor Governmental Funds	General Fund
	\$635,200

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receipt of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance. All advances are expected to be repaid within one year.

**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS**

**Metropolitan Educational Technology Association (META)**

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META's Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META \$219,076 for services provided during the fiscal year. Financial information can be obtained from META Solutions at 100 Executive Drive, Marion Ohio 43302.

**Hamilton/Clermont Cooperative (HCC)**

The School District began participating in the two county Council of Governments that operates the Hamilton/Clermont Cooperative (HCC). HCC is an association of public districts in a geographic area determined by the Ohio Department of Education and Workforce. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of HCC consists of one representative from each of the participating members. The School District paid \$233,429 for services provided during the fiscal year. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Complete financial statements for HCC can be obtained from the Hamilton County Educational Service Center at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

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**Unified Purchasing Cooperative of the Ohio River Valley**

The Unified Purchasing Cooperative of the Ohio River Valley (UPC) is a purchasing cooperative made up of 53 public school districts, 81 non-public schools, three joint vocational school districts, one MRDD, two Head Start programs, four Educational Service centers and six other non-profit organizations in Southwestern Ohio, Northern Kentucky and Southeastern Indiana. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the UPC.

The Board of Directors is elected from among the active members and consists of one representative each from Brown, Butler, Clermont and Hamilton Counties, as well as one representative from Kentucky, one from Indiana, and one at-large representative from a public school district with an enrollment greater than 5,000 students. In addition, the superintendents of the Hamilton County Educational Service Center and the Clermont County Educational Service Center also serve on the Board of Directors. The School District did not make any payments for services to UPC during the fiscal year. The Hamilton County Educational Service Center serves as fiscal agent. Sixty days prior notice is necessary for withdrawal from the UPC. The Board exercises total control over the operations of UPC including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from the Hamilton County Educational Service Center at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

**Southern Hills Joint Vocational School District**

The Southern Hills Joint Vocational School District is a distinct political subdivision of the State of Ohio, operated under the direction of a seven-member Board of Education. The Board of Education is not directly elected. It is comprised of elected board members of participating school districts who, by charter, also serve as board members of the Southern Hills Joint Vocational School District. A board member is appointed by each local Board of Education within the Southern Hills Joint Vocational School District, including Western Brown Local School District. The Board exercises total control over the operations of Southern Hills Joint Vocational School District including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. To obtain financial information, write to the Southern Hills Joint Vocational School District at 9193 Hamer Road, Georgetown, Ohio 45121.

**Southwestern Ohio Educational Purchasing Council**

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 132 school districts and educational service centers in 18 counties. The purpose of the Council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

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Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's 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. The Council exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Council. Starting in fiscal year 2017, SOEPC began waiving the membership dues. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**NOTE 17 – PUBLIC ENTITY SHARED RISK POOL**

**Brown County Schools Benefits Consortium**

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville–Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational, and Western Brown Schools) and two Highland County school districts (Bright Local and Lynchburg–Clay Local School District) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine-member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. For dental coverage the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the member district's claims are low, it will not receive a refund. Dental coverage is administered through a third-party administrator, Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to the Brown County Educational Service Center at 9231 Hamer Rd., Georgetown, Ohio 45121.

**Schools of Ohio Risk Sharing Authority**

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage.

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The self-insured retention by SORSA is \$144,546 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

**NOTE 18 – INSURANCE PURCHASING POOL**

**Ohio SchoolComp Workers’ Compensation Group Rating Plan**

The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

**NOTE 19 – SET-ASIDE CALCULATIONS**

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

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

	<u>Capital Acquisition</u>
Set-aside Balance as of June 30, 2023	\$0
Current Fiscal Year Set-aside Requirement	603,408
Qualifying Disbursements	(603,408)
Set-aside Balance as of June 30, 2024	<u><u>\$0</u></u>

Amounts of qualifying disbursements presented in the table for capital acquisitions were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District may have had additional qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

**NOTE 20 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

**Western Brown Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

General Fund	\$815,620
Nonmajor Governmental Funds	<u>364,708</u>
Total	<u><u>\$1,180,328</u></u>

As of June 30, 2024, the School District had the following commitments with respect to capital projects:

Project	Construction Commitments
District Wide HVAC Controls Upgrades	<u><u>\$121,024</u></u>

**NOTE 21 – FUND BALANCES**

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

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable:</i></b>			
Prepays	\$33,447	\$0	\$33,447
Inventory	<u>0</u>	<u>1,936</u>	<u>1,936</u>
<i>Total Nonspendable</i>	<u><u>33,447</u></u>	<u><u>1,936</u></u>	<u><u>35,383</u></u>
<b><i>Restricted for:</i></b>			
Classroom Facilities	0	1,743,408	1,743,408
District Managed Activities	0	192,951	192,951
Miscellaneous Grants	0	26,911	26,911
Food Service	0	809,472	809,472
Scholarships	0	95,131	95,131
Student Managed Activities	0	193,349	193,349
Capital Outlay	<u>0</u>	<u>119,200</u>	<u>119,200</u>
<i>Total Restricted</i>	<u><u>0</u></u>	<u><u>3,180,422</u></u>	<u><u>3,180,422</u></u>
<b><i>Committed to:</i></b>			
Board Approved Purchases	<u><u>\$258,693</u></u>	<u><u>\$0</u></u>	<u><u>\$258,693</u></u>

*(Continued)*

**Western Brown Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
<b><i>Assigned to:</i></b>			
Purchases on Order	\$308,443	\$0	\$308,443
Principal's Discretion	62,902	0	62,902
Future Appropriations	4,596,108	0	4,596,108
<i>Total Assigned</i>	<u>4,967,453</u>	<u>0</u>	<u>4,967,453</u>
<b><i>Unassigned (Deficit):</i></b>			
	<u>14,598,079</u>	<u>(330,820)</u>	<u>14,267,259</u>
<i>Total Fund Balances</i>	<u><u>\$19,857,672</u></u>	<u><u>\$2,851,538</u></u>	<u><u>\$22,709,210</u></u>

## **NOTE 22 – CONTINGENCIES**

### **Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

### **School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 were provided. As a result, the School District recognized a payable of \$1,304 and a receivable of \$28,826. The School District has not received the final adjustments from DEW, which may result in additional receivables or payables.

### **Litigation**

The School District is not currently party to any pending litigation.

**Western Brown Local School District**  
**Required Supplementary Information**  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's Proportion of the Net Pension Liability	0.11261790%	0.12478060%	0.12385560%	0.11726940%
School District's Proportionate Share of the Net Pension Liability	\$6,222,720	\$6,749,104	\$4,569,913	\$7,756,446
School District's Covered Payroll	\$4,455,307	\$4,489,707	\$4,275,179	\$4,111,207
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.67%	150.32%	106.89%	188.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.11299760%	0.11572450%	0.12159580%	0.11549030%	0.11069680%	0.11289400%
\$6,760,845	\$6,627,757	\$7,265,081	\$8,452,823	\$6,316,463	\$5,713,501
\$3,719,578	\$3,862,126	\$4,095,836	\$3,238,014	\$3,346,921	\$3,280,473
181.76%	171.61%	177.38%	261.05%	188.72%	174.17%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

**Western Brown Local School District**  
**Required Supplementary Information**  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Eight Fiscal Years (1)*

	<u>2024</u>	<u>2023</u>	<u>2022</u>
School District's Proportion of the Net OPEB Liability	0.11284500%	0.12519930%	0.12593490%
School District's Proportionate Share of the Net OPEB Liability	\$1,859,061	\$1,757,810	\$2,383,421
School District's Covered Payroll	\$4,455,307	\$4,489,707	\$4,275,179
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.73%	39.15%	55.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.11547050%	0.11330760%	0.11701270%	0.12300960%	0.11652050%
\$2,509,551	\$2,849,448	\$3,246,248	\$3,301,255	\$3,321,265
\$4,111,207	\$3,719,578	\$3,862,126	\$4,095,836	\$3,238,014
61.04%	76.61%	84.05%	80.60%	102.57%
18.17%	15.57%	13.57%	12.46%	11.49%

**Western Brown Local School District**  
**Required Supplementary Information**  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's Proportion of the Net Pension Liability	0.10988823%	0.11341580%	0.10980964%	0.10895305%
School District's Proportionate Share of the Net Pension Liability	\$23,664,361	\$25,212,475	\$14,040,150	\$26,362,762
School District's Covered Payroll	\$14,903,943	\$14,810,657	\$13,691,014	\$13,325,300
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.78%	170.23%	102.55%	197.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.11110639%	0.10956611%	0.11002868%	0.10762550%	0.10587137%	0.10757315%
\$24,570,510	\$24,091,128	\$26,137,549	\$36,025,499	\$29,259,751	\$26,165,514
\$13,277,743	\$12,500,343	\$12,004,621	\$13,230,543	\$10,966,657	\$11,338,085
185.05%	192.72%	217.73%	272.29%	266.81%	230.78%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

**Western Brown Local School District**  
**Required Supplementary Information**  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*School Teachers Retirement System of Ohio*  
*Last Eight Fiscal Years (1)*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's Proportion of the Net OPEB Liability (Asset)	0.10988823%	0.11341580%	0.10980964%	0.10895305%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,137,174)	(\$2,936,713)	(\$2,315,245)	(\$1,914,849)
School District's Covered Payroll	\$14,903,943	\$14,810,657	\$13,691,014	\$13,325,300
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(14.34%)	(19.83%)	(16.91%)	(14.37%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.11110639%	0.10956611%	0.11002868%	0.10762550%
(\$1,840,188)	(\$1,760,616)	\$4,292,913	\$5,755,840
\$13,277,743	\$12,500,343	\$12,004,621	\$13,230,543
(13.86%)	(14.08%)	35.76%	43.50%
174.70%	176.00%	47.10%	37.30%

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

	2024	2023	2022	2021
<b><u>Net Pension Liability:</u></b>				
Contractually Required Contribution	\$668,720	\$623,743	\$628,559	\$598,525
Contributions in Relation to the Contractually Required Contribution	(668,720)	(623,743)	(628,559)	(598,525)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$4,776,571	\$4,455,307	\$4,489,707	\$4,275,179
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
<b><u>Net OPEB Liability:</u></b>				
Contractually Required Contribution (2)	\$79,101	\$66,096	\$69,538	\$72,699
Contributions in Relation to the Contractually Required Contribution	(79,101)	(66,096)	(69,538)	(72,699)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u><u>1.66%</u></u>	<u><u>1.48%</u></u>	<u><u>1.55%</u></u>	<u><u>1.70%</u></u>
Total Contributions as a Percentage of Covered Payroll (2)	<u><u>15.66%</u></u>	<u><u>15.48%</u></u>	<u><u>15.55%</u></u>	<u><u>15.70%</u></u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$575,569	\$502,143	\$521,387	\$573,417	\$453,322	\$441,124
(575,569)	(502,143)	(521,387)	(573,417)	(453,322)	(441,124)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,111,207	\$3,719,578	\$3,862,126	\$4,095,836	\$3,238,014	\$3,346,921
<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
\$44,763	\$76,075	\$80,795	\$65,276	\$0	\$27,445
(44,763)	(76,075)	(80,795)	(65,276)	0	(27,445)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.09%</u>	<u>2.05%</u>	<u>2.09%</u>	<u>1.59%</u>	<u>0.00%</u>	<u>0.82%</u>
<u>15.09%</u>	<u>15.55%</u>	<u>15.59%</u>	<u>15.59%</u>	<u>14.00%</u>	<u>14.00%</u>

**Western Brown Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2024	2023	2022	2021
<b><u>Net Pension Liability:</u></b>				
Contractually Required Contribution	\$2,166,231	\$2,086,552	\$2,073,492	\$1,916,742
Contributions in Relation to the Contractually Required Contribution	<u>(2,166,231)</u>	<u>(2,086,552)</u>	<u>(2,073,492)</u>	<u>(1,916,742)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$15,473,079	\$14,903,943	\$14,810,657	\$13,691,014
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b><u>Net OPEB Liability:</u></b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$1,865,542	\$1,858,884	\$1,750,048	\$1,680,647	\$1,852,276	\$1,535,332
<u>(1,865,542)</u>	<u>(1,858,884)</u>	<u>(1,750,048)</u>	<u>(1,680,647)</u>	<u>(1,852,276)</u>	<u>(1,535,332)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$13,325,300	\$13,277,743	\$12,500,343	\$12,004,621	\$13,230,543	\$10,966,657
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
\$0	\$0	\$0	\$0	\$0	\$0
<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>	<u><u>0.00%</u></u>
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

**Western Brown Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

## **NET PENSION LIABILITY**

### **Changes in Assumptions – SERS**

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

### **Changes in Assumptions - STRS**

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

**Western Brown Local School District**  
**Notes to the Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2024**

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013 2 percent per year, for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent 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.

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

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

**Western Brown Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

**Changes in Benefit Term – STRS Pension**

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

**NET OPEB LIABILITY**

**Changes in Assumptions – SERS**

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

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

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

Municipal Bond Index Rate:	
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Western Brown Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

**Changes in Assumptions – STRS**

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

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

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

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

**Changes in Benefit Terms – STRS OPEB**

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

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1,

***Western Brown Local School District***  
***Notes to the Required Supplementary Information***  
***For the Fiscal Year Ended June 30, 2024***

2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

**WESTERN BROWN LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Revenue</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Children Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	3L60	\$87,488	\$87,488
Cash Assistance:				
National School Breakfast Program	10.553	3L70	\$324,039	\$324,039
National School Lunch Program	10.555	3L60	\$759,232	\$1,192,506
COVID 19: CN Food Product Manufacturers	10.555	3L60	\$87,325	\$87,325
Total Child Nutrition Cluster			<u>\$1,258,084</u>	<u>\$1,691,358</u>
Total U.S. Department of Agriculture			<u>\$1,258,084</u>	<u>\$1,691,358</u>
<b>U.S. DEPARTMENT OF DEFENSE (ARMY)</b>				
<i>Direct Program</i>				
National Guard Civilian Youth Opportunities	12.404	N/A	<u>\$61,991</u>	<u>\$61,991</u>
Total Department of Defense (Army)			<u>\$61,991</u>	<u>\$61,991</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
COVID 19: ARP Preschool Special Education	84.173X	3IA0-2023	\$6,787	\$5,446
Special Education Grants to States	84.027	3M20 - 2023	\$135,392	\$110,414
Special Education Grants to States	84.027	3M20 - 2024	\$628,734	\$637,309
COVID 19: ARP School-Age Special Education	84.027X	3IA0-2023	\$50,115	\$45,921
Total Special Education Grants to State Cluster			<u>\$821,029</u>	<u>\$799,090</u>
Title I Grants to Local Education Agencies	84.010A	3M00 - 2023	\$194,307	\$160,089
Title I Grants to Local Education Agencies	84.010A	3M00 - 2024	\$636,615	\$647,738
Title I Grants to Local Education Agencies (Expanding)	84.010A	3M00 - 2023	\$2,947	\$548
Total Title I Grants to Local Educational Agencies			<u>\$833,869</u>	<u>\$808,375</u>
Supporting Effective Instruction State Grants	84.367A	3Y60 - 2023	\$48,205	\$13,063
Supporting Effective Instruction State Grants	84.367A	3Y60 - 2024	\$65,893	\$73,400
Total Supporting Effective Instruction State Grants			<u>\$114,098</u>	<u>\$86,463</u>
Title IV-A Student Support and Academic Enrichment	84.424A	3HI0-2023	\$22,464	\$1,443
Title IV-A Student Support and Academic Enrichment	84.424A	3HI0-2024	\$31,958	\$39,080
Total Title IV-A Student Support and Academic Enrichment			<u>\$54,422</u>	<u>\$40,523</u>
COVID 19: Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0-2023	\$377,623	\$377,623
COVID 19: ARP Elementary and Secondary School Emerg. Relief	84.425U	3HS0-2023	\$2,621,985	\$2,956,864
COVID 19: ARP Homeless Children and Youth	84.425W	3HS0-2023	\$15,001	\$15,001
Total COVID 19: ESSER Grant			<u>\$3,014,609</u>	<u>\$3,349,488</u>
Total U.S. Department of Education			<u>\$4,838,027</u>	<u>\$5,083,939</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$6,158,102</u></u>	<u><u>\$6,837,288</u></u>

*The accompanying notes are an integral part of this schedule.*

**WESTERN BROWN LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Western Brown Local School District, Brown County, Ohio (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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Columbus, Ohio 43215  
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800-282-0370

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

Western Brown Local School District  
Brown County  
524 West Main Street  
Mt. Orab, Ohio 45154

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Western Brown Local School District, Brown County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 24, 2025.

***Report on Internal Control Over Financial Reporting***

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

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

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

Western Brown Local School District  
Brown County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 24, 2025



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Columbus, Ohio 43215  
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800-282-0370

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

Western Brown Local School District  
Brown County  
524 West Main Street  
Mt. Orab, Ohio 45154

To the Board of Education:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Western Brown Local School District's, Brown County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Western Brown Local School District's major federal programs for the year ended June 30, 2024. Western Brown 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, Western Brown Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Report on Internal Control Over Compliance***

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

Western Brown Local School District

Brown County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 24, 2025

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WESTERN BROWN LOCAL SCHOOL DISTRICT  
BROWN COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	84.425D, 84.425U, 84.425W – Elementary and Secondary School Emergency Relief 84.010 - Title I
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



# OHIO AUDITOR OF STATE KEITH FABER



WESTERN BROWN LOCAL SCHOOL DISTRICT

BROWN COUNTY

## AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/11/2025

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](http://www.ohioauditor.gov)