



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WEST MUSKINGUM LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
JUNE 30, 2023**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report .....	1
Prepared by Management:	
Management’s Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund .....	21
Notes to the Basic Financial Statements .....	23
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 .....	68
Schedule of the School District’s Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio – Last Seven Fiscal Years.....	70
Schedule of the School District’s Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio – Last Ten Fiscal Years .....	72
Schedule of the School District’s Proportionate Share of the Net OPEB (Asset) Liability State Teachers Retirement System of Ohio – Last Seven Fiscal Years.....	74
Schedule of the School District’s Contributions School Employees Retirement System of Ohio – Last Ten Fiscal Years.....	76

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY  
JUNE 30, 2023**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Prepared by Management (Continued):	
Schedule of the School District's Contributions State Teachers Retirement System of Ohio – Last Ten Fiscal Years.....	78
Notes to Required Supplementary Information .....	80
Schedule of Expenditures of Federal Awards .....	85
Notes to the Schedule of Expenditures of Federal Awards .....	86
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	87
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	89
Schedule of Findings .....	93

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

West Muskingum Local School District  
Muskingum County  
4880 West Pike  
Zanesville, Ohio 43701

To the Board of Education:

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

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Muskingum Local School District, Muskingum County, Ohio (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the West Muskingum Local School District, Muskingum County, Ohio as of June 30, 2023, 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 School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

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

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

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

***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 School District's basic financial statements. The Schedule of 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 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 March 7, 2024, on our consideration of the School 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 School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2024

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**West Muskingum Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

*Unaudited*

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The discussion and analysis of the West Muskingum Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2023 are as follows:

- Net position of governmental activities increased \$4,005,354.
- Capital assets decreased \$322,012 primarily due to current year depreciation and dispositions exceeding capital acquisitions.
- General revenues accounted for \$18,275,033 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$4,610,982, 20 percent of total revenues of \$22,886,015.
- The School District had \$18,880,661 in expenses related to governmental activities; only \$4,610,982 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$18,275,033 were adequate to provide for these activities.

**Using this Annual Financial Report**

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 West Muskingum 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 and conditions.

The Statement of Net Position and 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 most significant funds with all other non-major funds presented in total in one column.

**West Muskingum Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

*Unaudited*

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

**Statement of Net Position and Statement of Activities**

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.

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

***Fund Financial Statements***

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Debt Service 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 governmental operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**West Muskingum Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*

**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 2023 compared to 2022.

**Table 1 - Net Position**

	Governmental Activities		
	2023	2022	Change
<b>Assets</b>			
Current and Other Assets	\$23,817,022	\$21,108,683	\$2,708,339
Net OPEB Asset	1,133,863	957,346	176,517
Capital Assets	30,698,725	31,020,737	(322,012)
<i>Total Assets</i>	<u>55,649,610</u>	<u>53,086,766</u>	<u>2,562,844</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	417,230	472,206	(54,976)
Pension	2,913,722	2,877,958	35,764
OPEB	239,900	300,440	(60,540)
<i>Total Deferred Outflows of Resources</i>	<u>3,570,852</u>	<u>3,650,604</u>	<u>(79,752)</u>
<b>Liabilities</b>			
Other Liabilities	2,341,768	1,662,479	679,289
Long-Term Liabilities			
Due Within One Year	1,361,689	1,429,752	(68,063)
Due In More Than One Year:			
Net Pension Liability	12,321,363	7,773,768	4,547,595
Net OPEB Liability	685,322	1,037,351	(352,029)
Other Amounts	11,892,261	13,170,465	(1,278,204)
<i>Total Liabilities</i>	<u>28,602,403</u>	<u>25,073,815</u>	<u>3,528,588</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,284,205	6,397,627	(113,422)
Payment in Lieu of Taxes	164,140	168,371	(4,231)
Deferred Charge on Refunding	15,627	17,580	(1,953)
Pension	2,019,795	7,044,245	(5,024,450)
OPEB	1,992,249	1,899,043	93,206
<i>Total Deferred Inflows of Resources</i>	<u>10,476,016</u>	<u>15,526,866</u>	<u>(5,050,850)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	18,496,279	17,779,688	716,591
Restricted	3,842,336	3,454,709	387,627
Unrestricted (Deficit)	(2,196,572)	(5,097,708)	2,901,136
<b>Total Net Position</b>	<u>\$20,142,043</u>	<u>\$16,136,689</u>	<u>\$4,005,354</u>

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2023. 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

**West Muskingum Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

*Unaudited*

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

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 increased \$2,562,844 during fiscal year 2023. This increase is primarily due to an increase in equity in pooled cash and cash equivalents of \$2,402,462 and an increase in accounts receivable of \$177,252. The increase in equity in pooled cash and cash equivalents was due to revenues exceeding expenses in fiscal year 2023 which increased cash balances. The School District continues to make cuts where they are needed and closely monitors their expenditures so that the School District can remain financially stable. The increase in accounts receivable was related to insurance recoveries the School District received because of hail damage to the Middle School and High School roofs. These increases were offset by a decrease in capital assets of \$322,012. The decrease in capital assets was mainly due to a loss on the disposal of capital assets. The decrease in deferred outflows of resources was mainly due to a decrease in the OPEB deferred outflows, a result of information provided by the pension systems.

The \$679,289 increase in other liabilities is primarily due to an increase in unearned revenue of \$300,000 and contracts payable of \$182,814. Unearned revenue increased due to unspent grant proceeds related to the Ohio K-12 Safety Grant and contracts payable increased due to construction projects during the year. This increase was offset by a decrease in accounts payable of \$54,712.

Long-term liabilities increased \$2,849,299. This increase was primarily due to the increases in the net pension liability, offset by the payment of principal on outstanding bonds, financed purchases, and leases. The increases in the net pension liabilities represent the School District's proportionate share of the STRS and SERS unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

The total deferred inflows of resources decreased \$5,050,850. This decrease was the result of a decrease in deferred inflows related to pension, due to returns on investments and changes in assumptions.

**West Muskingum Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023, and comparisons to fiscal year 2022.

**Table 2 - Changes in Net Position**

	Governmental Activities		
	2023	2022	Change
<b>Program Revenues:</b>			
Charges for Services and Sales	\$1,141,152	\$664,264	\$476,888
Operating Grants, Contributions, and Interest	3,412,998	3,224,389	188,609
Capital Grants and Contributions	56,832	36,965	19,867
<b>Total Program Revenues</b>	<b>4,610,982</b>	<b>3,925,618</b>	<b>685,364</b>
<b>General Revenues:</b>			
Property Taxes	11,630,498	11,109,931	520,567
Revenue in Lieu of Taxes	92,390	222,371	(129,981)
Unrestricted Grants and Entitlements	5,707,696	5,721,405	(13,709)
Unrestricted Contributions and Donations	13,112	11,637	1,475
Investment Earnings	207,399	8,764	198,635
Gain on Sale of Capital Assets	0	8,633	(8,633)
Insurance Recoveries	618,177	0	618,177
Miscellaneous	5,761	50,865	(45,104)
<b>Total General Revenues</b>	<b>18,275,033</b>	<b>17,133,606</b>	<b>1,141,427</b>
<b>Total Revenues</b>	<b>22,886,015</b>	<b>21,059,224</b>	<b>1,826,791</b>
<b>Instruction:</b>			
Regular	7,340,020	5,978,851	1,361,169
Special	2,765,293	2,175,083	590,210
Intergovernmental	174,033	15,091	158,942
Vocational	149,712	82,193	67,519
<b>Support Services:</b>			
Pupils	824,223	541,099	283,124
Instructional Staff	286,803	239,097	47,706
Board of Education	19,072	16,075	2,997
Administration	1,650,747	1,533,424	117,323
Fiscal	600,345	567,648	32,697
Operation and Maintenance of Plant	2,234,647	1,808,577	426,070
Pupil Transportation	1,218,013	1,100,359	117,654
Central	3,284	3,254	30
<b>Operation of Non-Instructional Services:</b>			
Food Service Operations	701,662	771,808	(70,146)
Other Non-Instructional Services	12,068	22,874	(10,806)
Extracurricular Activities	587,509	503,149	84,360
Interest	313,230	291,175	22,055
<b>Total Expenses</b>	<b>18,880,661</b>	<b>15,649,757</b>	<b>3,230,904</b>
<b>Change in Net Position</b>	<b>4,005,354</b>	<b>5,409,467</b>	<b>(1,404,113)</b>
Net Position Beginning of Year	16,136,689	10,727,222	5,409,467
<b>Net Position End of Year</b>	<b>\$20,142,043</b>	<b>\$16,136,689</b>	<b>\$4,005,354</b>

The School District's net position increased \$4,005,354 in fiscal year 2023. Overall revenues reflect an increase in the amount of \$1,826,791. Program revenues increased \$685,364 mainly due to the increase in charges for services and sales due to a change in the State foundation revenues related to tuition and enrollment. Tuition and enrollment are now reflected as general revenues in grants and entitlements per the Ohio Department of Education. The increase in operating grants, contributions, and interest is related to an increase in State and federal grants. The overall increase in general revenues is due to increases in

**West Muskingum Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

*Unaudited*

property taxes and revenues in investment earnings. In fiscal year 2023, 51 percent of the School District's revenues were from property taxes and 25 percent were from unrestricted grants and entitlements.

The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. Basically, the mills collected decreases as the property valuation increases thus generating about the same revenue.

Instructional programs comprise approximately 55 percent of total governmental program expenses. Of the instructional expenses, approximately 70 percent is for regular instruction, 28 percent for special instruction and intergovernmental, and 2 percent for vocational services instruction.

Support services comprise approximately 36 percent of governmental program expenses of the School District.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, contributions, and interest offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3 - Governmental Activities**  
**Governmental Activities**

	2023 Total Cost of Services	2023 Net Cost of Services	2022 Total Cost of Services	2022 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$7,340,020	\$5,960,095	\$5,978,851	\$5,052,603
Special	2,765,293	1,286,130	2,175,083	1,023,056
Intergovernmental	174,033	0	15,091	0
Vocational	149,712	127,477	82,193	58,371
Support Services:				
Pupils	824,223	824,223	541,099	524,594
Instructional Staff	286,803	251,551	239,097	222,963
Board of Education	19,072	19,072	16,075	16,075
Administration	1,650,747	1,517,150	1,533,424	1,381,909
Fiscal	600,345	600,345	567,648	567,648
Operation and Maintenance of Plant	2,234,647	2,152,672	1,808,577	1,739,277
Pupil Transportation	1,218,013	1,046,146	1,100,359	1,069,115
Central	3,284	3,284	3,254	3,254
Operation of Non-Instructional Services:				
Food Service Operations	701,662	(203,670)	771,808	(490,836)
Other Non-Instructional Services	12,068	3,099	22,874	6,545
Extracurricular Activities	587,509	368,875	503,149	258,390
Interest	313,230	313,230	291,175	291,175
<b>Totals</b>	<b>\$18,880,661</b>	<b>\$14,269,679</b>	<b>\$15,649,757</b>	<b>\$11,724,139</b>

**West Muskingum Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2023, only 24 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services and sales, grants, contributions, and interest. The remaining 76 percent is provided through taxes, entitlements, and other general revenues.

**The School District Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,111,666 and expenditures of \$21,150,342.

***General Fund***

The fund balance of the General Fund at June 30, 2023, is \$9,254,904, an increase of \$1,602,082 from fiscal year 2022. Total revenues increased by \$845,721 mainly in the areas of property taxes due to increased property valuations and investment earnings due to rising interest rates.

***Other Governmental Major Fund***

***Debt Service Fund***

The fund balance of the Debt Service Fund at June 30, 2023, is \$1,934,141, an increase of \$142,108 from the prior fiscal year. This increase is due to current year revenues exceeding current year expenditures. The millage for bond retirement has been adjusted the last few fiscal years due to ample cash balances necessary to meet current and upcoming debt service payments.

***General Fund Budgeting Highlights***

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

The total increase in expenditures from the original to the final budget was \$1,102,660. This increase is composed of various changes to several expenditure line items. The School District closely monitored their expenditures throughout fiscal year 2023 which resulted in the savings of appropriations. Actual expenditures were \$1,235,887 less than the final budgeted amount, with the largest variances in regular instruction, special instruction, and pupil transportation support services.

The School District's ending General Fund budgetary balance was \$5,881,724.

**West Muskingum Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*Unaudited*

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2023, the School District had \$30,698,725 invested in land, land improvements, construction in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. Table 4 shows fiscal year 2023 balances compared to 2022.

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

	Government Activities	
	2023	2022
Land and Land Improvements	\$3,066,740	\$3,265,728
Construction in Progress	56,832	0
Buildings and Improvements	26,282,986	26,731,190
Furniture and Equipment	355,905	405,121
Vehicles	874,076	604,523
Intangible Right to Use Equipment	62,186	14,175
<b>Totals</b>	<b>\$30,698,725</b>	<b>\$31,020,737</b>

See Note 9 for additional information regarding capital assets.

***Debt***

At June 30, 2023, the School District had \$11,502,000 outstanding in 2021 series A refunding bonds and 2021 series B refunding bonds, with \$1,231,000 being due within one year. The bonds were issued to refinance bonds previously issued for school facilities construction and improvements. Leases outstanding at June 30, 2023, were \$68,235, with \$10,988 due in one year. Financed purchases outstanding at June 30, 2023 were \$851,000, with \$79,000 due in one year. The School District made a principal lease payment of \$15,036 during fiscal year 2023 and a financed purchase principal payment of \$75,000. See Note 15 for more detailed information of the School District's debt. The net pension and OPEB liabilities under GASB 68 and 75 is reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

***Economic Factors***

The West Muskingum Local School District offers a unique blend of rural and suburban neighborhoods. The School District serves students in Muskingum and Licking Counties. Approximately 94 percent of the School District is located in Muskingum County and the remaining 6 percent is in Licking County. Residential/agricultural property generates 66 percent of local real estate revenue, commercial property generates approximately 25 percent, and public utility generates 9 percent of total real estate revenue. Muskingum County conducted a triennial update in calendar year 2021, receivable in calendar year 2022, which generated real estate revenue increases based upon a period of unprecedented housing market value increases. The School District monitors the effective tax rates of the School District, HB 920, and the corresponding effects on future real estate tax revenue.



**West Muskingum Local School District, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

*Unaudited*

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The School District has experienced significant enrollment increases in the elementary grade levels over the last several years. Significant data is prepared trending students through grade levels to appropriately forecast revenues and expenses, as well as to define appropriate building capacities by grade level. The current economically disadvantaged population is 45 percent. The local tax effort passed with 78 percent support from the School District residents reflects a high local support level by School District residents.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Kimberly Downs, Treasurer at West Muskingum Local School District, 4880 West Pike, Zanesville, Ohio 43701. You may also e-mail the treasurer at [kdowns@laca.org](mailto:kdowns@laca.org).

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**West Muskingum Local School District, Ohio**

*Statement of Net Position*

*June 30, 2023*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$11,439,503
Accounts Receivable	192,107
Intergovernmental Receivable	519,126
Prepaid Items	31,882
Inventory Held for Resale	5,409
Materials and Supplies Inventory	14,727
Property Taxes Receivable	11,450,128
Payments in Lieu of Taxes Receivable	164,140
Net OPEB Asset	1,133,863
Nondepreciable Capital Assets	613,165
Depreciable Capital Assets, Net	30,085,560
<i>Total Assets</i>	<i>55,649,610</i>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	417,230
Pension	2,913,722
OPEB	239,900
<i>Total Deferred Outflows of Resources</i>	<i>3,570,852</i>
<b>Liabilities</b>	
Accounts Payable	73,700
Accrued Wages and Benefits Payable	1,391,546
Contracts Payable	182,814
Accrued Interest Payable	16,489
Intergovernmental Payable	328,874
Vacation Benefits Payable	48,345
Unearned Revenue	300,000
Long-Term Liabilities:	
Due Within One Year	1,361,689
Due In More Than One Year:	
Net Pension Liability	12,321,363
Net OPEB Liability	685,322
Other Amounts	11,892,261
<i>Total Liabilities</i>	<i>28,602,403</i>
<b>Deferred Inflows of Resources</b>	
Property Taxes	6,284,205
Payments in Lieu of Taxes	164,140
Deferred Charge on Refunding	15,627
Pension	2,019,795
OPEB	1,992,249
<i>Total Deferred Inflows of Resources</i>	<i>10,476,016</i>
<b>Net Position</b>	
Net Investment in Capital Assets	18,496,279
Restricted for:	
Capital Projects	46
Debt Service	1,982,529
Classroom Facilities Maintenance	790,375
Local, State, and Federal Grants	54,296
Student Activities	80,690
Athletics and Music	60,025
OPEB	178,967
Food Service Operations	695,408
Unrestricted (Deficit)	(2,196,572)
<i>Total Net Position</i>	<i>\$20,142,043</i>

See accompanying notes to the basic financial statements

**West Muskingum Local School District, Ohio**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2023*

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$7,340,020	\$541,224	\$785,503	\$53,198	(\$5,960,095)
Special	2,765,293	43,813	1,435,350	0	(1,286,130)
Special - Intergovernmental	174,033	0	174,033	0	0
Vocational	149,712	0	22,235	0	(127,477)
Support Services:					
Pupils	824,223	0	0	0	(824,223)
Instructional Staff	286,803	0	35,252	0	(251,551)
Board of Education	19,072	0	0	0	(19,072)
Administration	1,650,747	46,086	87,511	0	(1,517,150)
Fiscal	600,345	0	0	0	(600,345)
Operation and Maintenance of Plant	2,234,647	4,538	73,976	3,461	(2,152,672)
Pupil Transportation	1,218,013	36,867	135,000	0	(1,046,146)
Central	3,284	0	0	0	(3,284)
Operation of Non-Instructional Services:					
Food Service Operations	701,662	274,495	630,837	0	203,670
Other Non-Instructional Services	12,068	0	8,796	173	(3,099)
Extracurricular Activities	587,509	194,129	24,505	0	(368,875)
Interest	313,230	0	0	0	(313,230)
<b>Totals</b>	<b>\$18,880,661</b>	<b>\$1,141,152</b>	<b>\$3,412,998</b>	<b>\$56,832</b>	<b>(14,269,679)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
					10,153,516
					1,476,982
					92,390
					5,707,696
					13,112
					207,399
					618,177
					5,761
					<u>18,275,033</u>
					4,005,354
					<u>16,136,689</u>
					<u>\$20,142,043</u>

See accompanying notes to the basic financial statements

**West Muskingum Local School District, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2023*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,761,901	\$1,208,945	\$3,468,657	\$11,439,503
Accounts Receivable	192,107		0	192,107
Payments in Lieu of Taxes Receivable	1,992	0	162,148	164,140
Intergovernmental Receivable	170,038	0	349,088	519,126
Interfund Receivable	104,120	0	0	104,120
Prepaid Items	25,696	0	6,186	31,882
Inventory Held for Resale	0	0	5,409	5,409
Materials and Supplies Inventory	13,005	0	1,722	14,727
Property Taxes Receivable	10,034,699	1,415,429	0	11,450,128
<i>Total Assets</i>	<u>\$17,303,558</u>	<u>\$2,624,374</u>	<u>\$3,993,210</u>	<u>\$23,921,142</u>
<b>Liabilities</b>				
Accounts Payable	\$56,903	\$0	\$16,797	\$73,700
Interfund Payable	0	0	104,120	104,120
Accrued Wages and Benefits Payable	1,176,370	0	215,176	1,391,546
Contracts Payable	152,294	0	30,520	182,814
Intergovernmental Payable	298,454	0	30,420	328,874
Unearned Revenue	0	0	300,000	300,000
<i>Total Liabilities</i>	<u>1,684,021</u>	<u>0</u>	<u>697,033</u>	<u>2,381,054</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	5,658,849	625,356	0	6,284,205
Payments in Lieu of Taxes	1,992	0	162,148	164,140
Unavailable Revenues	703,792	64,877	109,871	878,540
<i>Total Deferred Inflows of Resources</i>	<u>6,364,633</u>	<u>690,233</u>	<u>272,019</u>	<u>7,326,885</u>
<b>Fund Balances</b>				
Nonspendable	38,701	0	7,908	46,609
Restricted	0	1,934,141	1,644,866	3,579,007
Committed	113,171	0	129,351	242,522
Assigned	1,371,033	0	1,344,256	2,715,289
Unassigned (Deficit)	7,731,999	0	(102,223)	7,629,776
<i>Total Fund Balances</i>	<u>9,254,904</u>	<u>1,934,141</u>	<u>3,024,158</u>	<u>14,213,203</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$17,303,558</u>	<u>\$2,624,374</u>	<u>\$3,993,210</u>	<u>\$23,921,142</u>

See accompanying notes to the basic financial statements

**West Muskingum Local School District, Ohio**  
*Reconciliation of Total Governmental Funds Balances to  
 Net Position of Governmental Activities  
 June 30, 2023*

<b>Total Governmental Fund Balances</b>		<b>\$14,213,203</b>
<i>Amounts reported for governmental activities in the statement of net position are different because of the following:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		30,698,725
Other long-term assets are not available to pay for current-period expenditures and therefore are shown as deferred inflows of resources in the funds:		
Delinquent Property Taxes	488,287	
Intergovernmental	109,871	
Tuition and Fees	128,088	
Insurance Recoveries	152,294	878,540
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(48,345)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(16,489)
Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.		417,230
Deferred inflows of resources represent deferred charges on refundings which are not reported in the funds.		(15,627)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds Payable	(11,502,000)	
Financed Purchase	(851,000)	
Leases Payable	(68,235)	
Sick Leave Benefits Payable	(832,715)	(13,253,950)
The net pension liability and net 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	1,133,863	
Deferred Outflows - Pension	2,913,722	
Deferred Outflows - OPEB	239,900	
Net Pension Liability	(12,321,363)	
Net OPEB Liability	(685,322)	
Deferred Inflows - Pension	(2,019,795)	
Deferred Inflows - OPEB	(1,992,249)	(12,731,244)
<i>Net Position of Governmental Activities</i>		<b>\$20,142,043</b>

See accompanying notes to the basic financial statements

**West Muskingum Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2023*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$10,072,376	\$1,465,211	\$0	\$11,537,587
Revenues in Lieu of Taxes	0	0	92,390	92,390
Intergovernmental	6,079,810	162,966	2,837,012	9,079,788
Investment Earnings/Interest	207,338	61	301	207,700
Tuition and Fees	609,655	0	0	609,655
Extracurricular Activities	46,086	0	194,129	240,215
Rent	4,538	0	0	4,538
Charges for Services and Sales	0	0	275,672	275,672
Contributions and Donations	13,112	0	31,055	44,167
Miscellaneous	19,954	0	0	19,954
<i>Total Revenues</i>	<u>17,052,869</u>	<u>1,628,238</u>	<u>3,430,559</u>	<u>22,111,666</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,269,093	0	800,369	7,069,462
Special	1,767,752	0	1,001,543	2,769,295
Vocational	153,572	0	0	153,572
Support Services:				
Pupils	809,745	0	0	809,745
Instructional Staff	233,562	0	34,555	268,117
Board of Education	19,072	0	0	19,072
Administration	1,672,937	0	0	1,672,937
Fiscal	562,451	28,413	0	590,864
Operation and Maintenance of Plant	1,866,964	0	267,668	2,134,632
Pupil Transportation	1,481,064	0	135,000	1,616,064
Central	3,284	0	0	3,284
Operation of Non-Instructional Services:				
Food Service Operations	0	0	756,752	756,752
Other Non-Instructional Services	3,250	0	8,818	12,068
Extracurricular Activities	201,400	0	231,497	432,897
Intergovernmental	0	0	174,033	174,033
Capital Outlay	1,016,697	0	56,832	1,073,529
Debt Service:				
Principal Retirement	90,036	1,242,000	0	1,332,036
Interest	46,266	215,717	0	261,983
<i>Total Expenditures</i>	<u>16,197,145</u>	<u>1,486,130</u>	<u>3,467,067</u>	<u>21,150,342</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>855,724</u>	<u>142,108</u>	<u>(36,508)</u>	<u>961,324</u>
<b>Other Financing Sources (Uses)</b>				
Insurance Recoveries	843,508	0	0	843,508
Proceeds from Sale of Capital Assets	10,878	0	0	10,878
Inception of Lease	69,096	0	0	69,096
Transfers In	12,876	0	190,000	202,876
Transfers Out	(190,000)	0	(12,876)	(202,876)
<i>Total Other Financing Sources (Uses)</i>	<u>746,358</u>	<u>0</u>	<u>177,124</u>	<u>923,482</u>
<i>Net Change in Fund Balances</i>	1,602,082	142,108	140,616	1,884,806
<i>Fund Balances Beginning of Year</i>	7,652,822	1,792,033	2,883,542	12,328,397
<i>Fund Balances End of Year</i>	<u>\$9,254,904</u>	<u>\$1,934,141</u>	<u>\$3,024,158</u>	<u>\$14,213,203</u>

See accompanying notes to the basic financial statements

**West Muskingum Local School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023*

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Net Change in Fund Balances - Total Governmental Funds		\$1,884,806
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*Amounts reported for governmental activities in the statement of activities are different because of the following:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current year:

Capital Assets Additions	1,677,928	
Current Year Depreciation/Amortization Expense	<u>(1,535,097)</u>	142,831

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the disposal of assets:

Proceeds from Sale of Capital Assets	(10,878)	
Insurance Recoveries	(377,625)	
Loss on the Sale of Capital Assets	<u>(76,340)</u>	(464,843)

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

Property Taxes	92,911	
Charges for Services	(1,177)	
Intergovernmental	66,382	
Tuition and Fees	12,249	
Insurance Recoveries	152,294	
Miscellaneous	<u>(14,193)</u>	308,466

Some expenses reported on the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(48,345)	
Sick Leave Benefits Payable	<u>83,327</u>	34,982

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

Deferred Charges on Refunding Amortization	(53,023)	
Accrued Interest Payable	<u>1,776</u>	(51,247)

Inception of a lease is reported as other financing sources in governmental funds, but the inception increases long-term liabilities on the Statement of Net Position.		(69,096)
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		1,332,036
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Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:

Pension	1,155,144	
OPEB	<u>35,826</u>	1,190,970

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities/assets are reported as pension/OPEB expense in the Statement of Activities:

Pension	(642,525)	
OPEB	<u>338,974</u>	<u>(303,551)</u>

<i>Change in Net Position of Governmental Activities</i>		<u><u>\$4,005,354</u></u>
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See accompanying notes to the basic financial statements



**West Muskingum Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$9,679,159	\$9,679,159	\$9,973,633	\$294,474
Intergovernmental	6,131,099	6,131,099	6,156,217	25,118
Interest	6,000	6,000	207,338	201,338
Tuition and Fees	419,710	419,710	608,122	188,412
Rent	0	0	4,538	4,538
Contributions and Donations	0	0	13,112	13,112
Miscellaneous	214,303	214,303	32,623	(181,680)
<i>Total Revenues</i>	<u>16,450,271</u>	<u>16,450,271</u>	<u>16,995,583</u>	<u>545,312</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,983,850	6,624,113	6,306,711	317,402
Special	1,960,648	2,342,862	1,757,758	585,104
Vocational	156,197	182,004	146,537	35,467
Support Services:				
Pupils	717,759	833,588	821,503	12,085
Instructional Staff	150,631	299,468	260,173	39,295
Board of Education	868	19,125	17,515	1,610
Administration	948,113	1,676,692	1,618,711	57,981
Fiscal	391,711	624,656	589,550	35,106
Operation and Maintenance of Plant	1,805,270	2,161,737	2,152,594	9,143
Pupil Transportation	1,353,667	1,825,391	1,688,780	136,611
Central	4,181	4,000	3,284	716
Operation of Non-Instructional Services	147	3,250	6,800	(3,550)
Extracurricular Activities	181,020	205,689	196,774	8,915
Capital Outlay	1,056,615	1,010,762	1,010,762	0
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest	45,237	45,237	45,235	2
<i>Total Expenditures</i>	<u>16,830,914</u>	<u>17,933,574</u>	<u>16,697,687</u>	<u>1,235,887</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(380,643)</u>	<u>(1,483,303)</u>	<u>297,896</u>	<u>1,781,199</u>
<b>Other Financing Source (Use)</b>				
Proceeds from Sale of Capital Assets	7,500	7,500	10,878	3,378
Insurance Recoveries	806,458	806,458	806,458	0
Transfers In	0	0	12,876	12,876
Transfers Out	(190,000)	(190,000)	(190,000)	0
<i>Total Other Financing Source (Use)</i>	<u>623,958</u>	<u>623,958</u>	<u>640,212</u>	<u>16,254</u>
<i>Net Change in Fund Balance</i>	243,315	(859,345)	938,108	1,797,453
<i>Fund Balance Beginning of Year</i>	4,466,304	4,466,304	4,466,304	0
Prior Year Encumbrances Appropriated	477,312	477,312	477,312	0
<i>Fund Balance End of Year</i>	<u>\$5,186,931</u>	<u>\$4,084,271</u>	<u>\$5,881,724</u>	<u>\$1,797,453</u>

See accompanying notes to the basic financial statements

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## **West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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### **Note 1 - Description of the School District and Reporting Entity**

West Muskingum Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District was formed in 1960 and operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is staffed by 61 classified employees, 92 certificated full-time teaching personnel, and 11 administrative employees who provide services to 1,532 students and other community members. The School District currently operates four instructional buildings and one administrative building.

#### *Reporting Entity*

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure 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 West Muskingum Local 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 four jointly governed organizations and three insurance purchasing pools. These organizations are the Licking Area Computer Association, the Mid-East Career and Technology Center, META, the Coalition of Rural and Appalachian Schools, the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan, and the Ohio School Benefits Cooperative. These organizations are presented in Notes 16 and 17 to the basic financial statements.

### **Note 2 - Summary of Significant Accounting Policies**

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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**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 statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District has no business-type activities.

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

***Fund Financial Statements*** During the 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 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.

**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 School District uses only governmental funds.

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

## West Muskingum Local School District, Ohio

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**General Fund** The General Fund accounts for and reports 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 and transferred according to the general laws of Ohio.

**Debt Service Fund** The Debt Service Fund accounts for and reports property tax revenues restricted for the payment of, general long-term debt principal, interest, and related costs.

The nonmajor 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 four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary fund, a custodial fund, is used to account for receipts and expenses related to the Ohio High School Athletic Association athletic tournament activities. No activity occurred during fiscal year 2023.

### **Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (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 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, all proprietary and 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.

## West Muskingum Local School District, Ohio

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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#### **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 statements presented for 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 outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, grants, tuition and fees, and contributions and donations.

***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 deferred charges on refunding, pension, and OPEB. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, payment in lieu of taxes, deferred charges on refunding, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. Unavailable revenue is reported only on the

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and insurance recoveries. 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 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14).

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

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

**Cash and Cash Equivalents**

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the General Fund during 2023 amounted to \$207,338, which includes \$84,566 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments. The School District had no investments as of June 30, 2023.

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund services provided and used are reported as "Interfund Receivable/Payable." Interfund balances are eliminated on the statement of net position.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**Inventory**

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

**Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). The School District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and some land improvements, 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 years
Buildings and Improvements	20-40 years
Furniture and Equipment	5-25 years
Vehicles	8 years
Intangible Right to Use Assets - Equipment	5 years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity.

***Leases***

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

***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 on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.



**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers 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.

**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 liability for vacation benefits is recorded as "vacation benefits payable". The vacation balances earned cannot exceed a balance of thirty days.

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

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be made. There were no matured compensated absences payable for fiscal year 2023.

**Accrued Liabilities and Long-term Obligations**

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

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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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.

**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 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 are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaid items, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. 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, or enabling legislation (School District resolution).

**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the 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 the 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. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance for capital improvements and public school support.

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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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 the amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either 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 OPEB plans represents the corresponding asset amounts after considering the related deferred outflows and deferred inflows.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items in fiscal year 2023.

**Estimates**

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

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

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 statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate of estimated resources in effect at the time the final appropriations were passed by the Board.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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

**Unearned Revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

**Deferred Charge on Refunding**

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

**Note 3 - Changes in Accounting Principles**

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements; and GASB Statement No. 99, Omnibus 2022.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**Note 4 - Fund Deficits**

The following funds had deficit fund balances as of June 30, 2023:

**Special Revenue Funds:**

Title I	\$34,551
Title IV-B	32,263
Federal Cares Act	25,989
Title II-A	3,470
	<u>\$96,273</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 Balances - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget 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).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Prepaid items and negative cash interfund advances are reported on the balance sheet (GAAP) but not on the budgetary basis.
5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

Net Change in Fund Balance	
GAAP Basis	\$1,602,082
Net Adjustment for Revenue Accruals	(220,580)
Net Adjustment for Expenditure Accruals	314,269
Beginning of Fiscal Year:	
Prepaid Items	117,812
End of Fiscal Year:	
Prepaid Items	(25,696)
Negative Cash Interfund Advances	104,120
To reclassify excess of revenues and other sources of financial resources under expenditures and other uses of financial resources into financial statement fund types	(1,186)
Adjustment for Encumbrances	<u>(952,709)</u>
Budget Basis	<u><u>\$938,112</u></u>

**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 School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial 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 may 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 obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation,

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (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 (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

Investments may only be made through specific 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, 2023, the School District had no investments.

**Note 7 - Property Taxes and Tax Abatements**

**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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Muskingum and Licking Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, 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, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal yearend. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources for property taxes.

The amount available as an advance at June 30, 2023, was \$4,677,636; \$3,952,440 was available to the General Fund and \$725,196 was available to the Debt Service Fund. The amount available as an advance at June 30, 2022, was \$4,562,428; \$3,853,697 was available to the General Fund and \$708,731 was available to the Debt Service 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 deferred.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second- Half Collections		2023 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$365,949,827	90.82%	\$370,280,558	90.59%
Public Utility Personal	37,000,260	9.18%	38,472,970	9.41%
Total	<u>\$402,950,087</u>	<u>100.00%</u>	<u>\$408,753,528</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$46.80		\$46.70	

The decrease in the tax rates was due to an adjustment in the emergency levy and bond levy rates. Tax rates are adjusted according to the amount to be generated for the emergency levy. Bond levy rates are adjusted based upon amounts necessary for the retirement of debt service in order to collect the fixed amount approved.



**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**Tax Abatements**

The School District's property taxes were reduced by an Enterprise Zone agreement entered into by City of Zanesville. The amount of the fiscal year 2023 taxes abated for the School District was \$4,839.

**Note 8 - Receivables**

Receivables at June 30, 2023, consisted of property taxes, interfund, payments in lieu of taxes, accounts (student fees and tuition), and intergovernmental grants.

All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes and payment in lieu of taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$488,287 as of June 30, 2023.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Title I Grant	\$68,166
Title II-A Grant	6,724
Title VI-B Special Education Grant	115,177
ESSER III Grant	159,021
State Foundation Adjustments	128,063
Medicaid Reimbursement	41,975
<b>Total</b>	<u><u>\$519,126</u></u>

On December 27, 2006, the City of Zanesville entered into a tax increment financing agreement with Sam's Club, Community Bank, and the Golden Corral for the purpose of public infrastructure improvements consisting of designing, engineering, improving, and constructing a new four-lane roadway and constructing water and sewer upgrades therewith. To encourage these improvements, property owners were granted an exemption from paying real property taxes on the new construction. Sam's Club was granted a 100 percent, thirty-year real property taxes exemption and the Community Bank and Golden Corral were granted a 75 percent, ten-year real property taxes exemption. The School District has agreed to this project and is being made whole for lost real property taxes that otherwise would have been due each year, pursuant to the financing agreement. The property owners make payment in lieu of taxes to the City of Zanesville which are distributed to the School District. These payments are being used to finance infrastructure improvements and will continue over ten to thirty years. Based upon the provisions of the agreement, the payments in lieu of taxes include scheduled increases over the thirty-year period of the school compensation agreement. As of June 30, 2023, a receivable for \$164,140 has been recorded which represents the payment anticipated for fiscal year 2024.

**West Muskingum Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
<b>Nondepreciable Capital Assets</b>				
Land	\$140,494	\$0	\$0	\$140,494
Land Improvements	415,839	0	0	415,839
Construction in Progress	0	56,832	0	56,832
Total Non-Depreciable Capital Assets	<u>556,333</u>	<u>56,832</u>	<u>0</u>	<u>613,165</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	4,959,856	23,596	0	4,983,452
Building and Improvements	40,211,146	998,335	(745,270)	40,464,211
Furniture and Equipment	2,440,569	87,800	(207,250)	2,321,119
Vehicles	1,509,211	442,269	(186,439)	1,765,041
Intangible Right to Use - Equipment **	28,874	69,096	(28,874)	69,096
Total at Historical Cost	<u>49,149,656</u>	<u>1,621,096</u>	<u>(1,167,833)</u>	<u>49,602,919</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	(2,250,461)	(222,584)	0	(2,473,045)
Buildings and Improvements	(13,479,956)	(981,696)	280,427	(14,181,225)
Furniture and Equipment	(2,035,448)	(137,016)	207,250	(1,965,214)
Vehicles	(904,688)	(172,716)	186,439	(890,965)
Intangible Right to Use - Equipment **	(14,699)	(21,085)	28,874	(6,910)
Total Accumulated Depreciation/ Amortization	<u>(18,685,252)</u>	<u>(1,535,097) *</u>	<u>702,990</u>	<u>(19,517,359)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation/Amortization	<u>30,464,404</u>	<u>85,999</u>	<u>(464,843)</u>	<u>30,085,560</u>
Governmental Activities Capital Assets, Net	<u>\$31,020,737</u>	<u>\$142,831</u>	<u>(\$464,843)</u>	<u>\$30,698,725</u>

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

Instruction:	
Regular	\$605,514
Special	168,238
Vocational	9,688
Support Services:	
Pupils	43,935
Instructional Staff	16,267
Administration	93,524
Operation of Maintenance and Plant	183,260
Pupil Transportation	173,822
Extracurricular Activities	154,613
Food Service Operations	86,236
Total	<u>\$1,535,097</u>

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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\*\* Of the current year depreciation total of \$1,535,097, \$21,085 is presented as a regular instruction expense on the Statement of Activities related to the School District’s intangible asset of copier machines, which is included as an Intangible Right to Use - Equipment.

**Note 10 - Interfund Balances and Transfers**

**Interfund Balances**

Interfund balances at June 30, 2023, consist of the following individual fund receivable and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$104,120	\$0
Special Revenue Funds:		
IDEA Part B	0	41,192
Federal Cares Act (ESSER)	<u>0</u>	<u>62,928</u>
<b>Total All Funds</b>	<u><u>\$104,120</u></u>	<u><u>\$104,120</u></u>

These interfund balances account for a reimbursement of grants payable to the General Fund from the IDEA Part B and Federal Cares Act (ESSER) Special Revenue Funds.

**Transfers**

During fiscal year 2023, the General Fund transferred \$70,000 to the Technology Capital Projects Fund for the purchase of technological equipment and \$120,000 to the Permanent Improvement-Turf Capital Projects Fund. The Student Managed Activities Special Revenue Fund transferred \$12,876 to the General Fund.

**Note 11 - 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 2023, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 17)

The types and amounts of coverage provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$75,072,174
Flood (\$25,000 deductible)	1,000,000
Earthquake (\$25,000 deductible)	1,000,000
Automobile Liability (\$0 deductible)	2,000,000
Auto Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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Per Occurrence - Bodily Injury, Property Damage, and Sexual Abuse Injury	\$2,000,000
Aggregate	4,000,000
Personal and Advertising Injury	2,000,000
Products Completed Operations Aggregate	2,000,000
Educational Legal Liability (\$2,500 deductible)	
Errors and Omissions Injury Limit	2,000,000
Aggregate Per Year	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. There has been no significant reduction in insurance coverage from coverage in fiscal year 2023.

**Worker's Compensation**

The School District participates in the workers' compensation program provided by the State of Ohio. The School District participates in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 17). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. Employers will pay experience or based rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Sedgwick serves as the third-party administrator of the Program and provides administrative, cost control, and actuarial services. Each year, the School District pays an enrollment fee to the Program to cover the cost of administering the Program.

The School District may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

**Note 12 - Employee Benefits**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty-five 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 up to a maximum of 30 days. Teachers do not earn vacation time.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for certified and classified employees. Upon retirement, certified and classified employees receive payment for one-fourth of their total sick leave accumulation up to 57.5 days.

**Insurance**

The School District provides medical, health, and prescription card coverage through Medical Mutual of Ohio. The School District provided a three-tier healthcare option for fiscal year 2023. The tiers provide a lower premium option, with a corresponding increase to deductibles. Tier I is the base program offered and the School District pays eighty percent of the total monthly premiums of \$2,508.83 for family coverage, and eighty-five percent of total premium of \$965.77 for single coverage. Tier II is a seven percent decrement to base program and the school district pays eighty-nine percent of the total monthly premiums of \$2,333.23 for family coverage and ninety-five percent of total premium of \$898.18 for single coverage. Tier III is a twelve percent decrement from base program and the school district pays ninety-five percent of the total monthly premiums of \$2,207.78 for family coverage and one hundred percent of total premium of \$849.90 for single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through American United Life Insurance Company through the Ohio School Boards Association Life Insurance Program which is administrated by Grady Benefits.

**Note 13 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability/(Asset)**

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

The net pension/OPEB liability (asset) 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.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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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 14 for the required OPEB disclosures.

***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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$275,096 for fiscal year 2023. Of this amount, \$27,316 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, an 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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$880,068 for fiscal year 2023. Of this amount, \$126,370 is reported as an intergovernmental payable.



**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04782670%	0.043789770%	
Prior Measurement Date	<u>0.05334340%</u>	<u>0.045405893%</u>	
Change in Proportionate Share	<u>-0.00551670%</u>	<u>-0.00161612%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$2,586,841	\$9,734,522	\$12,321,363
Pension Expense	(\$32,727)	\$675,252	\$642,525

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$104,769	\$124,614	\$229,383
Changes of assumptions	25,525	1,164,930	1,190,455
Net difference between projected and actual earnings on pension plan investments	0	338,740	338,740
School District contributions subsequent to the measurement date	<u>275,076</u>	<u>880,068</u>	<u>1,155,144</u>
Total Deferred Outflows of Resources	<u>\$405,370</u>	<u>\$2,508,352</u>	<u>\$2,913,722</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$16,982	\$37,238	\$54,220
Changes of assumptions	0	876,857	876,857
Net difference between projected and actual earnings on pension plan investments	90,269	0	90,269
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>231,466</u>	<u>766,983</u>	<u>998,449</u>
Total Deferred Inflows of Resources	<u>\$338,717</u>	<u>\$1,681,078</u>	<u>\$2,019,795</u>

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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\$1,155,144 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	(\$119,791)	(\$335,596)	(\$455,387)
2025	(109,693)	(277,491)	(387,184)
2026	(128,952)	(426,945)	(555,897)
2027	<u>150,013</u>	<u>987,238</u>	<u>1,137,251</u>
Total	<u>(\$208,423)</u>	<u>(\$52,794)</u>	<u>(\$261,217)</u>

***Actuarial Assumptions - SERS***

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

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

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

	<u>June 30, 2022</u>
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)

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.

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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**Discount Rate** The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

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

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$3,807,705	\$2,586,841	\$1,558,278

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2021
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
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

For 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.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

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

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 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** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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, 2022. 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, 2022.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$14,705,317	\$9,734,522	\$5,530,766

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System, or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2023, three members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 14 - Defined Benefit OPEB Plans**

See Note 13 for a description of the net OPEB liability/Asset.

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

Health Care Plan Description - The 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.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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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 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$35,826.

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 \$35,826 for fiscal year 2023, which is reported as an intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

***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, 2022, 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:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.04881160%	0.043789770%	
Prior Measurement Date	<u>0.05481140%</u>	<u>0.045405893%</u>	
Change in Proportionate Share	<u>-0.00599980%</u>	<u>-0.001616123%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$685,322	\$0	\$685,322
Net OPEB (Asset)	\$0	(\$1,133,863)	(\$1,133,863)
OPEB Expense	(\$90,149)	(\$248,825)	(\$338,974)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$5,761	\$16,437	\$22,198
Changes of assumptions	109,009	48,299	157,308
Net difference between projected and actual earnings on OPEB plan investments	3,562	19,738	23,300
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	1,268	1,268
School District contributions subsequent to the measurement date	<u>35,826</u>	<u>0</u>	<u>35,826</u>
Total Deferred Outflows of Resources	<u>\$154,158</u>	<u>\$85,742</u>	<u>\$239,900</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$438,381	\$170,285	\$608,666
Changes of assumptions	281,329	804,018	1,085,347
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>231,901</u>	<u>66,335</u>	<u>298,236</u>
Total Deferred Inflows of Resources	<u>\$951,611</u>	<u>\$1,040,638</u>	<u>\$1,992,249</u>



**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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\$35,826 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	(\$181,167)	(\$304,557)	(\$485,724)
2025	(175,989)	(274,508)	(450,497)
2026	(156,446)	(124,766)	(281,212)
2027	(112,379)	(51,018)	(163,397)
2028	(80,233)	(66,201)	(146,434)
Thereafter	<u>(127,065)</u>	<u>(133,846)</u>	<u>(260,911)</u>
Total	<u>(\$833,279)</u>	<u>(\$954,896)</u>	<u>(\$1,788,175)</u>

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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

	<u>June 30, 2022</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	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.

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 in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

**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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$851,178	\$685,322	\$551,428
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$528,505	\$685,322	\$890,146

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 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 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, 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.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. 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, 2022. Therefore, the 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, 2022.

**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, 2022, 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	(\$1,048,226)	(\$1,133,863)	(\$1,207,218)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,176,092)	(\$1,133,863)	(\$1,080,559)

**West Muskingum Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

**Note 15 - Long-Term Obligations**

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

	Principal Outstanding 6/30/2022	Additions	Reductions	Principal Outstanding 6/30/2023	Amounts Due in One Year
<b>Refunding Bonds from Direct Placements:</b>					
School Facilities Construction and Improvement Refunding Bonds 2021A Term Bonds - \$5,400,000 1.73%	\$4,909,000	\$0	\$544,000	\$4,365,000	\$513,000
School Facilities Construction and Improvement Refunding Bonds 2021B Term Bonds - \$7,835,000 1.81%	7,835,000	0	698,000	7,137,000	718,000
<b>Total Refunding Bonds</b>	<b>12,744,000</b>	<b>0</b>	<b>1,242,000</b>	<b>11,502,000</b>	<b>1,231,000</b>
Net Pension Liability:					
SERS	1,968,217	618,624	0	2,586,841	0
STRS	5,805,551	3,928,971	0	9,734,522	0
<b>Total Net Pension Liability</b>	<b>7,773,768</b>	<b>4,547,595</b>	<b>0</b>	<b>12,321,363</b>	<b>0</b>
Net OPEB Liability - SERS	1,037,351	0	352,029	685,322	0
Financed Purchase from Direct Borrowing	926,000	0	75,000	851,000	79,000
Leases Payable	14,175	69,096	15,036	68,235	10,988
Sick Leave Benefits Payable	916,042	5,797	89,124	832,715	40,701
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$23,411,336</b>	<b>\$4,622,488</b>	<b>\$1,773,189</b>	<b>\$26,260,635</b>	<b>\$1,361,689</b>

On May 8, 2012, the School District issued School Facilities Construction and Improvement Refunding Bonds that were issued to partially refund 2003 School Facilities Construction and Improvement General Obligation Bonds. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$500,617. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$26,348. On April 7, 2021, the School District current refunded the 2012 outstanding bonds. The 2012 refunding bonds were paid in full by the bond escrow agent with the direct placement current refunding.

On January 15, 2013, the School District issued \$11,024,312 School Facilities Construction and Improvement Refunding Bonds that were issued to partially refund the 2003 School Facilities Construction and Improvement General Obligation Bonds. The bonds were issued for an eighteen-year period with a final maturity at December 1, 2030. The \$11,024,312 bond issue consisted of serial bonds of \$9,795,000, \$1,170,000 term bonds, and \$59,312 in capital appreciation bonds. The serial bonds were issued at a premium in the amount of \$229,131. The capital appreciation bonds were issued at a premium in the amount of \$532,239. The term bonds and serial bonds were issued at a discount in the amount of \$45,276. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$366,506. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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was \$20,361. At the date of refunding, \$11,548,699 was deposited in an irrevocable trust to provide for all future debt service payments on the partially refunded 2003 School Facilities Construction and Improvement General Obligation Bonds. As all the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. On December 2, 2013, the partially refunded 2003 School Facilities Construction and Improvement General Obligation Bonds were called and paid in full, and the escrow account was closed. On September 3, 2021, the School District current refunded the 2013 serial bonds in the amount of \$6,665,000 and term bonds in the amount of \$1,170,000. These 2013 refunding bonds were paid in full by the bond escrow agent with the direct placement current refunding. On December 2, 2021, the 2013 School Facilities Construction and improvement General obligation Bonds were called and paid in full, and the escrow account was closed. The remaining \$605,000 in serial bonds that were not refunded in fiscal year 2022, were paid in full on December 1, 2021.

On April 7, 2021, the School District issued \$5,400,000 School Facilities Construction and Improvement Refunding Bonds in a direct placement to current refund the 2012 School Facilities Construction and Improvement Refunding Bonds. The refunding bonds were issued for a ten-year period with a final maturity at December 1, 2030. All bonds consist of term bonds. \$5,400,000 was placed into an escrow account that was then transferred for payoff of the 2012 School Facilities Construction and Improvement Refunding Bonds on April 7, 2021. The current refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price in the amount of \$19,533. This difference is being reported in the accompanying financial statements as deferred inflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$1,953. The School District current refunded the 2012 School Facilities Construction and Improvement Refunding Bonds to reduce their total debt service payments by \$353,377 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$241,048. These bonds will be retired from the bond retirement fund through property taxes.

The term bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2024	\$513,000
2025	522,000
2026	532,000
2027	540,000
2028	554,000
2029	556,000
2030	568,000
Total	<u>\$3,785,000</u>

The remaining principal amount of such bonds (\$580,000) will be paid at stated maturity on December 1, 2030.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

On September 3, 2021, the School District issued \$7,835,000 School Facilities Construction and Improvement Refunding Bonds in a direct placement to partially current refund the 2013 School Facilities Construction and Improvement Refunding Bonds. The refunding bonds were issued for a nine year period with a final maturity at December 1, 2030. All bonds consist of term bonds. Issuance costs in the amount of \$85,925 were expensed in fiscal year 2022. \$7,947,525 was placed into an escrow account that was then transferred for payoff of the 2013 School Facilities Construction and Improvement Refunding Bonds on December 2, 2021. The current refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price in the amount of \$66,133. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$8,267. The School District current refunded the 2013 School Facilities Construction and Improvement Refunding Bonds to reduce their total debt service payments by \$570,913 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$324,342. These bonds will be retired from the bond retirement fund through property taxes.

The term bonds are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Principal Amount to be Redeemed
2024	\$718,000
2025	761,000
2026	809,000
2027	857,000
2028	908,000
2029	967,000
2030	1,030,000
Total	<u>\$6,050,000</u>

The remaining principal amount of such bonds (\$1,087,000) will be paid at stated maturity on December 1, 2030.

Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds Series 2021A and the School Facilities Construction and Improvement General Obligation Bonds Series 2021B outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30,	Series 2021A		Series 2021B	
	Principal	Interest	Principal	Interest
2024	\$513,000	\$71,077	\$718,000	\$122,682
2025	522,000	62,125	761,000	109,297
2026	532,000	53,008	809,000	95,088
2027	540,000	43,735	857,000	80,011
2028	554,000	34,272	908,000	64,038
2029-2031	1,704,000	44,634	3,084,000	85,902
Total	<u>\$4,365,000</u>	<u>\$308,851</u>	<u>\$7,137,000</u>	<u>\$557,018</u>



**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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The School District's outstanding general obligation bonds from direct placements related to governmental activities of \$11,502,000 contain no provisions related to events of default with finance-related consequences; termination events with finance-related consequences; or subjective acceleration clauses.

**Leases Payable**

The School District has an outstanding agreement to lease copiers. 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 straight-line method. The lease will be paid from the General Fund.

A summary of the principal and interest amounts to be paid for the remaining lease is as follows:

Year	Principal	Interest	Total
2024	\$10,988	\$7,178	\$18,166
2025	12,301	5,865	18,166
2026	13,771	4,396	18,167
2027	15,416	2,750	18,166
2028	15,759	908	16,667
Total	<u>\$68,235</u>	<u>\$21,097</u>	<u>\$89,332</u>

**Financed Purchase**

During prior fiscal years, the School District entered into a financed purchase agreement with the Ohio Association of School Business Officials (OASBO) Expanded Asset Pooled Financing Program to construct, renovate, improve, furnish, and equip an addition to the School District's existing middle school. The building and equipment constructed and acquired by the lease has been capitalized in the government-wide statements in the amount of \$1,800,000, which is equal to the present value of the future minimum payments at the time of acquisition. Future financed purchase payments will be paid from the General Fund, are as follows:

Year	Principal	Interest	Total
2024	\$79,000	\$38,593	\$117,593
2025	82,000	35,010	117,010
2026	86,000	31,292	117,292
2027	90,000	27,391	117,391
2028	94,000	23,310	117,310
2029-2032	420,000	48,661	468,661
Total	<u>\$851,000</u>	<u>\$204,257</u>	<u>\$1,055,257</u>

The financed purchase is a direct placement purchase. In the event of default, the School District will relinquish all possessions of the project to the Issuer, may sublease the project, or exercise any other right, remedy or privilege that may be available.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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The School District's overall legal debt margin at June 30, 2023, was \$27,171,597, with an unvoted debt margin of \$408,216.

Sick leave benefits payable are paid from the fund from which the employees' salaries are paid, which includes the General Fund and Food Service Special Revenue Funds. The School District pays obligations related to employee compensation from the fund benefitting from their service. There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and Food Service, Title VI-B, Title II-A, and the Student Success and Wellness Nonmajor Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 13 and 14.

**Note 16 - Jointly Governed Organizations**

**Licking Area Computer Association**

The School District is a participant in the Licking Area Computer Association (LACA) which is a regional council of governments computer consortium. LACA is an association which services twenty-six school districts, educational service centers, and community schools within the boundaries of Licking, Muskingum, Fairfield, Perry, and Knox Counties. 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 school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The Board exercises total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. The School District's total payments to LACA for computer services for fiscal year 2023 were \$88,422. Financial statements for LACA can be obtained from the Licking Area Computer Association, 150 South Quentin Road, Newark, OH 43055.

**Mid-East Career and Technology Center**

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen-member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The Board exercises total control over the operations of the Center including budgeting, appropriating, contracting, and designating management. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2023, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Nanette Nolder, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023*

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**META**

The School District participates in META Solutions (META), formerly the Metropolitan Educational Council (MEC), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2023, the School District made no payments to META. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

**Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of nineteen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2023, the School District paid \$355 to the Coalition for membership services. The financial information for the Coalition can be obtained from the Executive Director, at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

**Note 17 - Insurance Purchasing Pools**

**Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program**

The School District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. Sedgwick is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Worker's Compensation (OBWC) and the Ohio Worker's Compensation Fund. This may be accomplished through the participation in a group rating or through a group retrospective rating. The School District has chosen to participate in the group retrospective rating program for fiscal year 2023. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

## **West Muskingum Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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The School District participates in a group retrospective rating plan for workers' compensation as established under Section 4123-17-73 of the Ohio Administrative Code. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts. Each year, the participating school districts pay an enrollment fee to the program to cover the costs of the administering the program. During fiscal year 2023, the School District paid \$2,245 in enrollment fees to the Program.

#### **Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), and insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a eleven member Board of Directors consisting of school district superintendents and treasurers. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for providing underwriting, claims management, risk management, accounting, system support services, sales, and marketing.

#### **Ohio School Benefits Cooperative**

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of more than fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine-member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay an initial \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The School District participates in the first option. Medical Mutual/Antares is the Administrator of the OSBC.

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

**Note 18 - 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepaid Items	\$25,696	\$0	\$6,186	\$31,882
Materials and Supplies				
Inventory	13,005	0	1,722	14,727
<i>Total Nonspendable</i>	<u>38,701</u>	<u>0</u>	<u>7,908</u>	<u>46,609</u>
<u>Restricted for:</u>				
Capital Projects	0	0	46	46
Debt Service	0	1,934,141	0	1,934,141
Classroom Facilities Maintenance	0	0	790,375	790,375
Local, State, and Federal Grants	0	0	9,315	9,315
Student Activities	0	0	80,690	80,690
Athletics and Music	0	0	60,025	60,025
Food Service Operations	0	0	704,415	704,415
<i>Total Restricted</i>	<u>0</u>	<u>1,934,141</u>	<u>1,644,866</u>	<u>3,579,007</u>
<u>Committed to:</u>				
Scholarships	0	0	3,922	3,922
Capital Projects	0	0	125,429	125,429
Purchases on Order	113,171	0	0	113,171
<i>Total Committed</i>	<u>113,171</u>	<u>0</u>	<u>129,351</u>	<u>242,522</u>
<u>Assigned to:</u>				
Capital Improvements	0	0	1,344,256	1,344,256
Public School Support	30,908	0	0	30,908
Assigned to Subsequent Year's				
Appropriations	696,330	0	0	696,330
Purchases on Order	643,795	0	0	643,795
<i>Total Assigned</i>	<u>1,371,033</u>	<u>0</u>	<u>1,344,256</u>	<u>2,715,289</u>
Unassigned (Deficit)	7,731,999	0	(102,223)	7,629,776
<i>Total Fund Balances</i>	<u><u>\$9,254,904</u></u>	<u><u>\$1,934,141</u></u>	<u><u>\$3,024,158</u></u>	<u><u>\$14,213,203</u></u>

**West Muskingum Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**Note 19 - Significant Commitments**

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:

Governmental Funds:	
General Fund	\$952,709
Nonmajor Governmental Funds	<u>201,968</u>
Total	<u><u>\$1,154,677</u></u>

**Note 20 - Set Asides**

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements.

Amounts not spent by 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. In prior fiscal years, the School District was also required to set-aside money for textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for School Districts to establish and appropriate money for the budget stabilization was deleted from law. The School District may still establish reserve balance accounts consistent with Section 5705.13, Revised Code if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a School District's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

	Capital Improvements Reserve
	<u>                    </u>
Set-aside Reserve Balance as of June 30, 2022	\$0
Current Year Set-aside Requirement	329,613
Current Year Offsets	<u>(1,731,712)</u>
Total	<u><u>(\$1,402,099)</u></u>
	<u>                    </u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

The School District had qualifying offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

**West Muskingum Local School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**Note 21 - Contingencies**

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

**School Foundation**

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2023 have been finalized. The impact of the FTE adjustments did not have a material impact to the fiscal year 2023 financial statements.

**Litigation**

The School District is currently not party to legal proceedings.

**Note 22 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**West Muskingum Local School District, Ohio**  
*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\**

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.04782670%	0.05334340%	0.05515240%	0.05637010%
School District's Proportionate Share of the Net Pension Liability	\$2,586,841	\$1,968,217	\$3,647,896	\$3,372,721
School District's Covered Payroll	\$1,791,579	\$1,814,914	\$1,936,629	\$1,938,037
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.39%	108.45%	188.36%	174.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information



2019	2018	2017	2016	2015	2014
0.05714010%	0.05765530%	0.06017550%	0.06293140%	0.06052000%	0.06052000%
\$3,272,519	\$3,444,777	\$4,404,291	\$3,590,926	\$3,062,883	\$3,598,930
\$1,829,252	\$1,928,729	\$1,882,664	\$1,886,307	\$1,773,936	\$1,722,084
178.90%	178.60%	233.94%	190.37%	172.66%	208.99%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**West Muskingum Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Seven Fiscal Years (1)\**

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.04881160%	0.05481140%	0.05721870%	0.05747760%
School District's Proportionate Share of the Net OPEB Liability	\$685,322	\$1,037,351	\$1,243,549	\$1,445,441
School District's Covered Payroll	\$1,791,579	\$1,814,914	\$1,936,629	\$1,938,037
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.25%	57.16%	64.21%	74.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.05754420%	0.05837870%	0.06072570%
\$1,596,432	\$1,566,731	\$1,730,907
\$1,829,252	\$1,928,729	\$1,882,664
87.27%	81.23%	91.94%
13.57%	12.46%	11.49%

**West Muskingum Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years\**

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.043789770%	0.045405893%	0.04679224%	0.04871854%
School District's Proportionate Share of the Net Pension Liability	\$9,734,522	\$5,805,551	\$11,322,057	\$10,773,812
School District's Covered Payroll	\$5,682,679	\$5,595,571	\$5,639,879	\$5,680,243
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.30%	103.75%	200.75%	189.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.05156992%	0.05406598%	0.05748131%	0.05576889%	0.05541196%	0.05541196%
\$11,339,068	\$12,843,489	\$19,240,727	\$15,412,889	\$13,478,106	\$16,055,032
\$5,858,600	\$5,966,207	\$6,057,336	\$5,846,386	\$5,675,928	\$6,173,231
193.55%	215.27%	317.64%	263.63%	237.46%	260.08%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

**West Muskingum Local School District, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability*  
*State Teachers Retirement System of Ohio*  
*Last Seven Fiscal Years (1)\**

	2023	2022	2021	2020
School District's Proportion of the Net OPEB (Asset) Liability	0.043789770%	0.045405893%	0.04679224%	0.04871854%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,133,863)	(\$957,346)	(\$822,373)	(\$806,896)
School District's Covered Payroll	\$5,682,679	\$5,595,571	\$5,639,879	\$5,680,243
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-19.95%	-17.11%	-14.58%	-14.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	230.70%	174.70%	182.10%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

\*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

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<u>2019</u>	<u>2018</u>	<u>2017</u>
0.05156992%	0.05406598%	0.05748131%
(\$828,675)	\$2,109,456	\$3,074,115
\$5,858,600	\$5,966,207	\$6,057,336
-14.14%	35.36%	50.75%
176.00%	47.10%	37.30%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$275,076	\$250,821	\$254,088	\$271,128
Contributions in Relation to the Contractually Required Contribution	<u>(275,076)</u>	<u>(250,821)</u>	<u>(254,088)</u>	<u>(271,128)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,964,829	\$1,791,579	\$1,814,914	\$1,936,629
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>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$35,826	\$31,408	\$34,322	\$36,698
Contributions in Relation to the Contractually Required Contribution	<u>(35,826)</u>	<u>(31,408)</u>	<u>(34,322)</u>	<u>(36,698)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.82%</u>	<u>1.75%</u>	<u>1.89%</u>	<u>1.89%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.82%</u>	<u>15.75%</u>	<u>15.89%</u>	<u>15.89%</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



2019	2018	2017	2016	2015	2014
\$261,635	\$246,949	\$270,022	\$263,573	\$248,615	\$245,867
<u>(261,635)</u>	<u>(246,949)</u>	<u>(270,022)</u>	<u>(263,573)</u>	<u>(248,615)</u>	<u>(245,867)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,938,037	\$1,829,252	\$1,928,729	\$1,882,664	\$1,886,307	\$1,773,936
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>
\$43,410	\$38,349	\$31,225	\$29,631	\$46,252	\$31,454
<u>(43,410)</u>	<u>(38,349)</u>	<u>(31,225)</u>	<u>(29,631)</u>	<u>(46,252)</u>	<u>(31,454)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.24%</u>	<u>2.10%</u>	<u>1.62%</u>	<u>1.57%</u>	<u>2.45%</u>	<u>1.77%</u>
<u>15.74%</u>	<u>15.60%</u>	<u>15.62%</u>	<u>15.57%</u>	<u>15.63%</u>	<u>15.63%</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$880,068	\$795,575	\$783,380	\$789,583
Contributions in Relation to the Contractually Required Contribution	<u>(880,068)</u>	<u>(795,575)</u>	<u>(783,380)</u>	<u>(789,583)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$6,286,200	\$5,682,679	\$5,595,571	\$5,639,879
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>Net OPEB Liability</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>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$795,234	\$820,204	\$835,269	\$848,027	\$818,494	\$737,871
<u>(795,234)</u>	<u>(820,204)</u>	<u>(835,269)</u>	<u>(848,027)</u>	<u>(818,494)</u>	<u>(737,871)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336	\$5,846,386	\$5,675,928
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$56,759
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,759)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

**West Muskingum Local School District, Ohio**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**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.

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 was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

**Changes in Assumptions - STRS**

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

**West Muskingum Local School District, Ohio**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

	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	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning with fiscal year 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 setback from age 90 and above.

**Changes in Benefit Term – STRS Pension**

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:

**West Muskingum Local School District, Ohio**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

	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 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 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

**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 was decreased. The assumed mortality, disability, retirement, withdrawal, and future healthcare cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

For fiscal year 2023, the projected salary increases were changed from age-based (2.5 percent to 12.50 percent) to service-based (2.5 percent to 8.5 percent.)

**West Muskingum Local School District, Ohio**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**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, 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 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.

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**WEST MUSKINGUM LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

<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 Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	2022/2023	11,784
National School Lunch Program	10.555	2022/2023	39,921
Non-Cash Assistance (Food Distribution) Subtotal			<u>51,705</u>
Cash Assistance			
School Breakfast Program	10.553	2022/2023	152,010
National School Lunch Program	10.555	2022/2023	408,727
COVID-19 National School Lunch Program (Supply Chain Disruption)	10.555	2022/2023	42,564
			<u>603,301</u>
Total Child Nutrition Cluster			<u>655,006</u>
COVID-19 USDA PEBT Reimbursement	10.649	2022/2023	628
<b>Total U.S. Department of Agriculture</b>			<b><u>655,634</u></b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Direct Program</i>			
COPS Office School Violence Prevention Program Solicitation	16.710		79,380
<b>Total U.S. Department of Justice</b>			<b><u>79,380</u></b>
<b>FEDERAL COMMUNICATIONS COMMISSION</b>			
<i>Direct Program</i>			
USAC Emergency Connectivity Funds	32.009		158,778
<b>Total Federal Communications Commission</b>			<b><u>158,778</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies			
	84.010	2022	57,573
	84.010	2023	356,228
Expanding Opportunities for Each Child	84.010	2022	547
	84.010	2023	10,053
Total Title I Grants to Local Educational Agencies			<u>424,401</u>
Special Education Cluster:			
Special Education Grants to States	84.027	2022	56,694
Special Education Grants to States	84.027	2023	328,407
COVID-19 ARP IDEA Part B Special Education	84.027	2023	68,004
Total Special Education Grants to Local Educational Agencies			<u>453,105</u>
Special Education Preschool Grants	84.173	2023	14,923
COVID-19 ARP Early Childhood Special Education	84.173	2023	788
Total Special Education Preschool Grants			<u>15,711</u>
Total Special Education Cluster			<u>468,816</u>
Language Instruction for English Learners	84.365	2023	332
Supporting Effective Instruction	84.367	2022	7,895
	84.367	2023	54,972
Total Supporting Effective Instruction to Local Education Agencies			<u>62,867</u>
Student Support and Academic Enrichment	84.424	2023	29,485
COVID-19 Elementary and Secondary School Emergency Relief Fund:			
ESSER II FY22	84.425D	2022	106,243
ESSER II FY23	84.425D	2023	543,076
ARP ESSER	84.425U	2023	26,312
ARP ESSER Homeless	84.425W	2023	2,049
Total COVID-19 Elementary and Secondary School Relief Fund			<u>677,680</u>
<b>Total U.S. Department of Education</b>			<b><u>1,663,581</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$2,557,373</u></u></b>

The accompanying notes are an integral part of this Schedule.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of West Muskingum Local School District, Muskingum County, Ohio (the School District), under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position of the School 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 School 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 School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Department of Justice COPS Grant requires a 25% match. The School District has not yet met its total matching requirements, based upon the grant project being partially complete at June 30, 2023. The matching requirement will be met as the COPS grant project progresses. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



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

West Muskingum Local School District  
Muskingum County  
4880 West Pike  
Zanesville, Ohio 43701

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 West Muskingum Local School District, Muskingum County, Ohio, (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 7, 2024.

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

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

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

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

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

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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

West Muskingum Local School District  
Muskingum County  
4880 West Pike  
Zanesville, Ohio 43701

To the Board of Education:

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited West Muskingum Local School District's, Muskingum County, Ohio, (the School 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 West Muskingum Local School District's major federal program for the year ended June 30, 2023. West Muskingum Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

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

#### *Basis for Opinion on the 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 School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The School 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 School District's federal programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 7, 2024

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**WEST MUSKINGUM LOCAL SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL# 10.553 / 10.555 – Child Nutrition Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	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



**WEST MUSKINGUM LOCAL SCHOOL DISTRICT  
MUSKINGUM 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 3/21/2024**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)