



Dave Yost • Auditor of State

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) - General Fund.....	19
Statement of Fund Net Position - Internal Service Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Fund.....	21
Statement of Cash Flows - Internal Service Fund	22
Statement of Fiduciary Assets and Liabilities – Agency Funds	23
Notes to the Basic Financial Statements	25
Federal Awards Receipts and Expenditures Schedule.....	59
Notes to the Federal Awards Receipts and Expenditures Schedule	60
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	61
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133.	63
Schedule of Findings - OMB Circular A-133 § .505.....	67
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b).....	69

WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Independent Auditor's Report on Applying Agreed-Upon Procedure	71



Dave Yost • Auditor of State

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Muskingum Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2013, 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.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the 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 West Muskingum Local School District, Muskingum County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2014

This page intentionally left blank.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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, 2013. 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 2013 are as follows:

- Net position of governmental activities decreased \$350,427.
- Capital assets decreased \$851,006 primarily due to current year depreciation which was offset by current year capital acquisitions.
- General revenues accounted for \$13,622,521 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$4,433,283, 25 percent of total revenues of \$18,055,804.
- The School District had \$18,406,231 in expenses related to governmental activities; only \$4,433,283 of these expenses was offset by program specific charges for services and grants and contributions. General revenues of \$13,622,521 were not 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.

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 2013?" 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.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. 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, Debt Service Fund, and the Permanent Improvement Capital Projects 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.

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 2013 compared to 2012.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 1 - Net Position

	Governmental Activities		
	2013	2012	Change
Assets			
Current and Other Assets	\$18,103,878	\$16,420,401	\$1,683,477
Capital Assets	20,870,969	21,721,975	(851,006)
Total Assets	38,974,847	38,142,376	832,471
Deferred Outflows of Resources			
Deferred Charge on Refunding	830,594	500,617	329,977
Liabilities			
Long-Term Liabilities	22,981,719	23,099,351	(117,632)
Other Liabilities	1,851,681	1,891,944	(40,263)
Total Liabilities	24,833,400	24,991,295	(157,895)
Deferred Inflows of Resources			
Property Taxes	6,212,911	4,542,141	1,670,770
Net Position			
Net Investment in Capital Assets	(591,447)	263,387	(854,834)
Restricted	3,793,650	3,069,876	723,774
Unrestricted	5,556,927	5,776,294	(219,367)
Total Net Position	\$8,759,130	\$9,109,557	(\$350,427)

The increase in current and other assets is primarily due to an increase in equity in pooled cash and cash equivalents in the amount of \$1,002,867 and an increase in property taxes receivable in the amount of \$1,104,572. The increases were offset by a decrease in investments in the amount of \$452,289. The increase in cash and cash equivalents is primarily due to the increase in cash balances in the General Fund, Debt Service Fund, and in the Permanent Improvement Capital Projects Fund. The increase in property taxes receivable is primarily due to the voters approving a 5.9 mill emergency levy on May 7, 2013. Collections for the new emergency levy will begin in January, 2014. The School District expects to receive \$888,871 from this emergency levy during fiscal year 2014. Investments decreased as a result of the School District not purchasing as many investments during fiscal year 2013. The \$851,006 decrease in capital assets is primarily due to current year depreciation in the amount of \$949,050 which was offset by capital asset additions in the amount of \$110,480. Capital asset deletions totaled \$119,459. Deferred outflows of resources – deferred charge on refunding increased in fiscal year 2013 due to the partial refunding of 2003 general obligation bonds. \$11,030,000 of the 2003 general obligation bonds were refunded during fiscal year 2013. The 2013 refunding resulted in deferred charges on the refunding in the amount of \$366,506.

The \$40,263 decrease in other liabilities is primarily due to decreases in accounts payable and accrued wages and benefits payable. The \$117,632 decrease in long-term liabilities is primarily due to the School District making \$545,000 in principal payments on outstanding bonds and \$75,852 in principal payments on the outstanding capital leases. Principal payments were offset by an addition to capital leases in the amount of \$79,500 for copier equipment and an increase in compensated absences in the amount of \$80,159. Deferred inflows of resources for property taxes increased in the amount of \$1,670,770 due to the change in the second half collection date by the Muskingum County Treasurer and the passing of the 5.9 mill emergency levy. The second half collection date was historically in August, but in 2012 the collection date was changed to June 29. The collection date was changed again in 2013 to July 5. Due to the second half collections which were due by June 29 in 2012, a larger amount was available to the School District as of fiscal year-end 2012. The amounts available were recognized as revenue in fiscal year-end 2012 rather than deferred inflows of resources for property taxes which resulted in increased

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

property tax revenues for fiscal year 2012. Fiscal year-end 2013 reflects an increase in the deferred inflows of resources for property taxes due to the decrease in the amount available as an advance as previously discussed.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2013, and comparisons to fiscal year 2012.

Table 2 - Changes in Net Position

Revenues	Governmental Activities		
	2013	2012	Change
Program Revenues			
Charges for Services	\$2,044,963	\$1,777,420	\$267,543
Operating Grants, Contributions and Interest	2,388,320	2,309,685	78,635
Capital Grants and Contributions	0	115,805	(115,805)
	<u>4,433,283</u>	<u>4,202,910</u>	<u>230,373</u>
General Revenue			
Property Taxes	6,698,050	9,473,493	(2,775,443)
Payment in Lieu of Taxes	145,890	267,787	(121,897)
Grants and Entitlements	6,691,528	6,736,335	(44,807)
Unrestricted Contributions	1,605	0	1,605
Investment Earnings	11,297	40,618	(29,321)
Gain on Sale of Capital Asset	20,814	1,500	19,314
Miscellaneous Revenue	53,337	43,108	10,229
	<u>13,622,521</u>	<u>16,562,841</u>	<u>(2,940,320)</u>
Total Revenues	<u>18,055,804</u>	<u>20,765,751</u>	<u>(2,709,947)</u>
Program Expenses			
Instruction			
Regular	8,133,837	7,839,592	294,245
Special	2,070,817	2,123,359	(52,542)
Intergovernmental	11,018	10,984	34
Vocational	145,569	124,846	20,723
Student Intervention	93,207	105,260	(12,053)
Support Services			
Pupils	422,121	440,870	(18,749)
Instructional Staff	869,895	973,735	(103,840)
Board of Education	17,225	15,889	1,336
Administration	1,339,548	1,290,615	48,933
Fiscal	427,375	407,445	19,930
Operation and Maintenance of Plant	1,821,849	1,499,175	322,674
Pupil Transportation	1,084,591	1,056,029	28,562
Central	46,500	52,894	(6,394)
Operation of Non-Instructional Services			
Food Service Operations	804,317	755,583	48,734
Other	12,821	11,646	1,175
Extracurricular Activities	229,848	219,695	10,153
Interest and Fiscal Charges	875,693	1,012,154	(136,461)
Total Expenses	<u>18,406,231</u>	<u>17,939,771</u>	<u>466,460</u>
<i>Change in Net Position</i>	<u>(350,427)</u>	<u>2,825,980</u>	<u>(3,176,407)</u>
Net Position Beginning of Year	<u>9,109,557</u>	<u>6,283,577</u>	<u>2,825,980</u>
Net Position End of Year	<u><u>\$8,759,130</u></u>	<u><u>\$9,109,557</u></u>	<u><u>(\$350,427)</u></u>

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The School District's net position decreased \$350,427. Revenues decreased in fiscal year 2013 while expenditures increased during fiscal year 2013. The decrease in revenues was due primarily to a decrease in general revenues in the amount of \$2,940,320. The decrease in general revenues was the result of a decrease in property taxes revenue in the amount of \$2,775,443 due to the change in the property tax collection dates by the Muskingum County Treasurer as mentioned earlier. Due to the second half collection date of June 29, 2012, a larger amount was available as an advance to the School District as of fiscal year-end 2012 which resulted in the recognition of additional revenues. For fiscal year 2013, the amount available as an advance decreased due to the slightly later collection date. Another factor that resulted in reduced property tax revenue was the completion of the property revaluation by Muskingum County which reflected a decrease of assessed values of 1.4 percent from the second half collections 2012 to the first half collections 2013.

Overall expenses increased by 3 percent from fiscal year 2012 to fiscal year 2013. The increase in expenses was in the areas of regular instruction and operation of maintenance of plant. Instructional programs comprise approximately 57 percent of total governmental program expenses. Of the instructional expenses, approximately 78 percent is for regular instruction, 20 percent for special instruction and intergovernmental, 1 percent for vocational instruction, and 1 percent for student intervention.

In November of 2002, the residents of the School District approved a \$23,950,000 bond levy as part of the Expedited Local Partnership Program. The School District built a new high school and renovated the middle school during phase one and two new elementary buildings will be built during phase two. Phase one construction costs were funded entirely by local monies. Phase two monies will be funded with State monies for which the School District is eligible beginning in 2010 and ending in 2015. On September 18, 2013, the School District Board of Education approved a resolution to move forward with the building of phase two. On September 18, 2013, the local portion of the Ohio School Facilities project was approved. Transfers in the amount of \$600,000 from the General Fund and transfers in the amount of \$2,471,932 from the Permanent Improvement Fund were approved. The transfers were receipted into the Classroom Facilities Maintenance Special Revenue Fund in the amount of \$700,000 and into the Classroom Facilities Project Capital Project Fund in the amount of \$2,371,932. The School District also took action to approve that \$120,000 in payment in lieu of taxes will be receipted into the Classroom Facilities Maintenance Special Revenue Fund for the next twenty-three years. Due to the approval of this agreement between the School District and the Ohio School Facilities Commission, no local levy is necessary for the Classroom Facilities Maintenance Special Revenue Fund and the School District was granted \$14,598,522 from the Ohio School Facilities Commission.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions 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.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Table 3 - Governmental Activities

	2013 Total Cost of Services	2013 Net Cost of Services	2012 Total Cost of Services	2012 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$8,133,837	\$6,335,118	\$7,839,592	\$6,410,022
Special	2,070,817	1,221,635	2,123,359	1,194,783
Intergovernmental	11,018	0	10,984	0
Vocational	145,569	121,002	124,846	100,279
Student Intervention	93,207	89,936	105,260	101,594
Support Services:				
Pupils	422,121	393,363	440,870	403,129
Instructional Staff	869,895	378,835	973,735	462,783
Board of Education	17,225	17,225	15,889	15,889
Administration	1,339,548	1,241,444	1,290,615	1,195,744
Fiscal	427,375	219,923	407,445	206,179
Operation and Maintenance of Plant	1,821,849	1,761,406	1,499,175	1,497,695
Pupil Transportation	1,084,591	1,084,591	1,056,029	1,056,029
Central	46,500	39,300	52,894	45,694
Operation of Non-Instructional Services				
Food Service Operations	804,317	158,664	755,583	105,804
Other	12,821	5,106	11,646	2,685
Extracurricular Activities	229,848	29,707	219,695	(73,602)
Interest and Fiscal Charges	875,693	875,693	1,012,154	1,012,154
Totals	\$18,406,231	\$13,972,948	\$17,939,771	\$13,736,861

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2013, only 24 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants, contributions, and interest. The remaining 76 percent is provided through taxes and entitlements.

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 \$17,921,663, expenditures of \$17,794,777, and other financing sources and uses of \$304,457.

General Fund

The fund balance of the General Fund at June 30, 2013 is \$2,320,981, a decrease of \$137,144 from fiscal year 2012. The decrease is due primarily to a decrease in property taxes revenue due to the change in the second half collection dates for Muskingum County, as previously discussed. In addition to the decreases in revenues, expenditures increased from \$13,290,692 in fiscal year 2012 to \$13,882,420 in fiscal year 2013.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Other Governmental Major Funds

Debt Service Fund

The fund balance of the Debt Service Fund at June 30, 2013 is \$2,930,218, an increase of \$461,020 from the prior year. The School District refunded portions of the 2003 general obligation bonds in fiscal year 2012 and again in fiscal year 2013. The refunding of debt resulted in \$343,587 less being paid in interest and fiscal charges in fiscal year 2013 compared to fiscal year 2012.

Permanent Improvement Fund

The fund balance of the Permanent Improvement Capital Projects Fund at June 30, 2013 is \$2,675,994, an increase of \$166,781 from the prior year due to payment in lieu of taxes revenue of \$157,078 and the receipt of \$27,000 from the sale of property. Expenditures for the fiscal year were in the amount of \$17,297.

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.

During the course of fiscal 2013, the School District approved original appropriations in the amount of \$14,048,646. The original appropriations were increased to final appropriations in the amount of \$14,192,833. Final appropriations exceeded final expenditures by \$20,441.

The School District received \$104,874 more in revenues and other financing sources than was expected during fiscal year 2013. Budget basis revenues and other financing sources were \$13,681,238 for the original budgeted revenues and \$13,825,420 for the final budgeted revenues. The increase from the original to the final budgeted revenues was in the amount of \$144,182. The increase was budgeted in the category of intergovernmental revenues.

The School District's ending General Fund budgetary balance was \$1,204,235.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$20,870,969 invested in land, land improvements, construction in progress, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

West Muskingum Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

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

	Government Activities	
	2013	2012
Land and Land Improvements	\$1,404,235	\$1,503,115
Construction in Progress	13,685	0
Buildings and Improvements	18,914,466	19,566,619
Furniture and Equipment	265,814	296,118
Vehicles	272,769	356,123
Totals	\$20,870,969	\$21,721,975

See Note 8 for additional information regarding capital assets.

Debt

At June 30, 2013, the School District had \$20,813,376 outstanding in 2003 general obligation bonds, 2012 refunding bonds, and 2013 refunding bonds (including premiums, discounts, and capital appreciation bonds accretion), with \$805,000 being due within one year. The bonds were issued for school facilities construction and improvements. During fiscal year 2013, the School District refunded \$11,030,000 of the 2003 general obligation bonds and made principal payments in the amount of \$545,000. All bonds will be fully repaid by fiscal year 2031. Capital leases outstanding at June 30, 2013 were \$1,550,332 with \$64,638 due in one year. See Note 15 for more detailed information of the School District's debt.

Economic Factors

The current state of the economy has forced the West Muskingum Local School District to closely monitor the five year forecast and to continue to seek ways to avoid deficit spending. The School District has been making budget cuts since 2005. The West Muskingum Board of Education continues to work to reduce program costs, collaborate with other school districts to share services and to reduce its workforce, where possible. Personnel cuts include the elimination of 9.0 full time equivalent positions at the end of fiscal year 2013. In addition to the budget cuts which the School District has incurred, the Board of Education attempted to increase revenues through local ballot issues. After eight consecutive operating levy defeats, a 5.9 mill, Five Year, Emergency Levy was placed on the ballot and approved by the voters on Election Day, May 7, 2013. The passage of the 5.9 mill, 5 year, emergency levy has allowed the West Muskingum Local School District a proactive opportunity to maintain current programs and services moving forward. For fiscal year 2014 revenues generated from the newly passed 5.9 mill emergency levy are estimated at \$888,871, less anticipated delinquencies. For the following four fiscal years, the levy will generate an estimated \$1,777,741, less estimated delinquencies. In fiscal year 2019 the School District will receive the final half year allocation of levy proceeds in the amount of \$888,871. Total levy proceeds the School District will receive over the five year period is estimated to be \$8,888,706.

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 Moyer, Treasurer at West Muskingum Local School District, 4880 West Pike, Zanesville, Ohio 43701. You may also e-mail the treasurer at kmoyer@laca.org.

West Muskingum Local School District, Ohio

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,365,820
Cash and Cash Equivalents in Segregated Accounts	477
Accounts Receivable	12,950
Intergovernmental Receivable	745,853
Prepaid Items	70,100
Inventory Held for Resale	23,079
Accrued Interest Receivable	2,489
Materials and Supplies Inventory	24,390
Property Taxes Receivable	8,650,505
Payment in Lieu of Taxes Receivable	158,919
Investments	49,296
Nondepreciable Capital Assets	666,708
Depreciable Capital Assets, Net	<u>20,204,261</u>
<i>Total Assets</i>	<u>38,974,847</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>830,594</u>
Liabilities	
Accounts Payable	89,764
Accrued Wages and Benefits	1,080,174
Matured Compensated Absences	6,557
Accrued Interest Payable	40,263
Intergovernmental Payable	364,014
Claims Payable	270,909
Long-Term Liabilities:	
Due Within One Year	942,890
Due In More Than One Year	<u>22,038,829</u>
<i>Total Liabilities</i>	<u>24,833,400</u>
Deferred Inflows of Resources	
Property Taxes	<u>6,212,911</u>
Net Position	
Net Investment in Capital Assets	(591,447)
Restricted for:	
Capital Projects	284,640
Debt Service	2,919,658
Other Purposes	589,352
Unrestricted	<u>5,556,927</u>
<i>Total Net Position</i>	<u><u>\$8,759,130</u></u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2013

	Program Revenues		Net (Expense)	
	Operating Grants		Revenue and	
	Charges for	and	Changes in	
	Expenses	Services	Contributions	
			Governmental	
			Activities	
			Net Position	
Governmental Activities				
Instruction:				
Regular	\$8,133,837	\$1,522,373	\$276,346	(\$6,335,118)
Special	2,070,817	58,939	790,243	(1,221,635)
Intergovernmental	11,018	0	11,018	0
Vocational	145,569	0	24,567	(121,002)
Student Intervention Services	93,207	0	3,271	(89,936)
Support Services:				
Pupils	422,121	0	28,758	(393,363)
Instructional Staff	869,895	0	491,060	(378,835)
Board of Education	17,225	0	0	(17,225)
Administration	1,339,548	42,933	55,171	(1,241,444)
Fiscal	427,375	0	207,452	(219,923)
Operation and Maintenance of Plant	1,821,849	1,055	59,388	(1,761,406)
Pupil Transportation	1,084,591	0	0	(1,084,591)
Central	46,500	0	7,200	(39,300)
Operation of Non-Instructional Services:				
Food Service Operations	804,317	244,067	401,586	(158,664)
Other Non-Instructional Services	12,821	0	7,715	(5,106)
Extracurricular Activities	229,848	175,596	24,545	(29,707)
Interest and Fiscal Charges	875,693	0	0	(875,693)
Totals	\$18,406,231	\$2,044,963	\$2,388,320	(13,972,948)

General Revenues

Property Taxes Levied for:	
General Purposes	5,247,641
Debt Service	1,450,409
Payment in Lieu of Taxes	145,890
Grants and Entitlements	
not Restricted	6,691,528
Unrestricted Contributions	1,605
Investment Earnings	11,297
Gain on Sale of Capital Asset	20,814
Miscellaneous	53,337
Total General Revenues	13,622,521
Change in Net Position	(350,427)
Net Position Beginning of Year	9,109,557
Net Position End of Year	\$8,759,130

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,582,858	\$2,505,182	\$2,675,994	\$607,003	\$7,371,037
Cash and Cash Equivalents in Segregated Accounts	0	0	0	477	477
Accounts Receivable	9,884	0	0	3,066	12,950
Payment in Lieu of Taxes Receivable	0	1,841	37,078	120,000	158,919
Interfund Receivable	6,945	0	0	2,980	9,925
Intergovernmental Receivable	298,750	0	0	447,103	745,853
Accrued Interest Receivable	2,323	0	0	0	2,323
Prepaid Items	70,100	0	0	0	70,100
Inventory Held for Resale	0	0	0	23,079	23,079
Materials and Supplies Inventory	22,748	0	0	1,642	24,390
Property Taxes Receivable	6,956,625	1,693,880	0	0	8,650,505
Total Assets	\$8,950,233	\$4,200,903	\$2,713,072	\$1,205,350	\$17,069,558
Liabilities					
Accounts Payable	\$75,047	\$0	\$0	\$14,717	\$89,764
Accrued Wages and Benefits	809,300	0	0	178,016	987,316
Matured Compensated Absences	6,557	0	0	0	6,557
Interfund Payable	2,980	0	0	6,945	9,925
Intergovernmental Payable	307,582	0	0	56,432	364,014
Total Liabilities	1,201,466	0	0	256,110	1,457,576
Deferred Inflows of Resources					
Property Taxes	5,042,627	1,170,284	0	0	6,212,911
Unavailable Revenues	385,159	100,401	37,078	368,951	891,589
Total Deferred Inflows of Resources	5,427,786	1,270,685	37,078	368,951	7,104,500
Fund Balances					
Nonspendable	92,848	0	0	1,642	94,490
Restricted	0	2,930,218	0	530,952	3,461,170
Committed	169,729	0	83,051	47,695	300,475
Assigned	1,855,811	0	2,592,943	0	4,448,754
Unassigned	202,593	0	0	0	202,593
Total Fund Balances	2,320,981	2,930,218	2,675,994	580,289	8,507,482
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$8,950,233	\$4,200,903	\$2,713,072	\$1,205,350	\$17,069,558

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, 2013*

Total Governmental Fund Balances	\$8,507,482
---	--------------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	20,870,969
---	------------

Other long-term assets are not available to pay for current-period expenditures and, therefore, shown as deferred inflows of resources in the funds:

Property Taxes Receivable	452,745		
Payment in Lieu of Taxes Receivable	158,919		
Accrued Interest Receivable	838		
Intergovernmental Receivable	279,087		891,589

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	680,478
--	---------

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(40,263)
---	----------

Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.	830,594
--	---------

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Bonds Payable	(19,463,905)		
Bond Premium	(1,379,127)		
Bond Discount	89,391		
Capital Appreciation Bonds Accretion	(59,735)		
Capital Leases Payable	(1,550,332)		
Compensated Absences	(618,011)		(22,981,719)
Total Long-Term Liabilities			

Net Position of Governmental Activities	<u><u>\$8,759,130</u></u>
---	---------------------------

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, 2013

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$5,205,067	\$1,436,285	\$0	\$0	\$6,641,352
Payment in Lieu of Taxes	0	1,841	157,078	0	158,919
Intergovernmental	6,801,636	205,274	0	1,965,557	8,972,467
Interest	12,609	0	0	172	12,781
Tuition and Fees	1,581,312	0	0	0	1,581,312
Extracurricular Activities	42,933	0	0	175,596	218,529
Rentals	1,055	0	0	0	1,055
Charges for Services	0	0	0	244,067	244,067
Contributions and Donations	1,605	0	0	36,239	37,844
Miscellaneous	48,309	0	0	5,028	53,337
Total Revenues	13,694,526	1,643,400	157,078	2,426,659	17,921,663
Expenditures					
Current:					
Instruction:					
Regular	7,387,957	0	0	279,324	7,667,281
Special	1,239,856	0	0	783,343	2,023,199
Vocational	110,210	0	0	0	110,210
Student Intervention Services	87,317	0	0	3,523	90,840
Support Services:					
Pupils	380,647	0	0	24,762	405,409
Instructional Staff	339,372	0	0	469,470	808,842
Board of Education	17,225	0	0	0	17,225
Administration	1,213,076	0	0	27,862	1,240,938
Fiscal	389,446	33,661	0	0	423,107
Operation and Maintenance of Plant	1,475,627	0	17,297	0	1,492,924
Pupil Transportation	957,560	0	0	0	957,560
Central	45,804	0	0	696	46,500
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	716,636	716,636
Other Non-Instructional Services	6,870	0	0	5,951	12,821
Extracurricular Activities	0	0	0	193,287	193,287
Intergovernmental	0	0	0	11,018	11,018
Capital Outlay	79,500	0	0	5,101	84,601
Debt Service:					
Principal Retirement	75,852	545,000	0	0	620,852
Interest and Fiscal Charges	76,101	609,256	0	0	685,357
Issuance Costs	0	186,170	0	0	186,170
Total Expenditures	13,882,420	1,374,087	17,297	2,520,973	17,794,777
Excess of Revenues Over (Under) Expenditures:	(187,894)	269,313	139,781	(94,314)	126,886
Other Financing Sources (Uses)					
Refunding Bonds Issued	0	11,024,312	0	0	11,024,312
Premium on Refunding Bonds	0	761,370	0	0	761,370
Discount on Refunding Bonds	0	(45,276)	0	0	(45,276)
Proceeds from Sale of Capital Assets	6,250	0	27,000	0	33,250
Inception of a Capital Lease	79,500	0	0	0	79,500
Transfers In	0	0	0	35,000	35,000
Transfers Out	(35,000)	0	0	0	(35,000)
Payment to Refunded Bond Escrow Agent	0	(11,548,699)	0	0	(11,548,699)
Total Other Financing Sources (Uses)	50,750	191,707	27,000	35,000	304,457
Net Change in Fund Balances	(137,144)	461,020	166,781	(59,314)	431,343
Fund Balances Beginning of Year	2,458,125	2,469,198	2,509,213	639,603	8,076,139
Fund Balances End of Year	<u>\$2,320,981</u>	<u>\$2,930,218</u>	<u>\$2,675,994</u>	<u>\$580,289</u>	<u>\$8,507,482</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, 2013*

Net Change in Fund Balances - Total Governmental Funds \$431,343

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 expense.

This is the amount by which depreciation exceeded capital outlay in the current year:

Capital Assets Additions	110,480	
Current Year Depreciation	<u>(949,050)</u>	(838,570)

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 proceeds and the loss on disposal of assets:

Proceeds from Sale of Capital Assets	(33,250)	
Gain on the Sale of Capital Assets	<u>20,814</u>	(12,436)

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

Property Taxes	56,698	
Payment in Lieu of Taxes	(13,029)	
Intergovernmental	71,026	
Interest	<u>(2,715)</u>	111,980

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:

Compensated Absences		80,159
----------------------	--	--------

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position the lease obligation is reported as a liability.

(79,500)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The accretion of capital appreciation bonds and the amortization of premiums and discounts are reported on the statement of activities:

Premium Amortization	119,747	
Discount Amortization	(5,678)	
Accretion of the Capital Appreciation Bonds	(59,735)	
Accrued Interest Payable	<u>(208,141)</u>	(153,807)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

620,852

The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.

(36,529)

Payment to refunded bond escrow agent is an other financing use in government funds, but the payment reduces long-term liabilities on the statement of net position.

11,548,699

Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of activities.

Refunding bonds issued	(11,024,312)	
Premium on refunding bonds issued	(761,370)	
Discount on refunding bonds issued	<u>45,276</u>	(11,740,406)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net loss of the internal service fund is reported with governmental activities.

(282,212)

Change in Net Position of Governmental Activities

(\$350,427)

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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$5,685,187	\$5,685,187	\$5,712,113	\$26,926
Intergovernmental	6,572,351	6,572,351	6,581,895	9,544
Interest	25,000	25,000	17,553	(7,447)
Tuition and Fees	1,368,700	1,512,882	1,579,941	67,059
Rent	1,000	1,000	1,055	55
Miscellaneous	19,000	19,000	31,487	12,487
<i>Total Revenues</i>	13,671,238	13,815,420	13,924,044	108,624
Expenditures				
Current:				
Instruction:				
Regular	7,283,063	7,393,477	7,472,786	(79,309)
Special	1,312,158	1,315,658	1,263,002	52,656
Vocational	113,875	113,875	110,483	3,392
Student Intervention Services	138,107	138,107	96,673	41,434
Support Services:				
Pupils	389,785	383,816	391,465	(7,649)
Instructional Staff	376,369	377,869	386,443	(8,574)
Board of Education	16,791	16,791	14,982	1,809
Administration	1,164,536	1,164,536	1,193,663	(29,127)
Fiscal	406,828	406,828	403,717	3,111
Operation and Maintenance of Plant	1,584,660	1,623,080	1,662,579	(39,499)
Pupil Transportation	1,047,744	1,044,066	963,165	80,901
Central	52,882	52,882	49,263	3,619
Non-Instructional Services	6,870	6,870	6,870	0
Debt Service:				
Principal Retirement	48,000	48,000	48,000	0
Interest and Fiscal Charges	71,978	71,978	74,301	(2,323)
<i>Total Expenditures</i>	14,013,646	14,157,833	14,137,392	20,441
<i>Excess of Revenues Under Expenditures</i>	(342,408)	(342,413)	(213,348)	129,065
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	10,000	10,000	6,250	(3,750)
Transfers Out	(35,000)	(35,000)	(35,000)	0
<i>Total Other Financing Sources (Uses)</i>	(25,000)	(25,000)	(28,750)	(3,750)
<i>Net Change in Fund Balance</i>	(367,408)	(367,413)	(242,098)	125,315
<i>Fund Balance Beginning of Year</i>	1,002,336	1,002,336	1,002,336	0
Prior Year Encumbrances Appropriated	443,997	443,997	443,997	0
<i>Fund Balance End of Year</i>	\$1,078,925	\$1,078,920	\$1,204,235	\$125,315

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Statement of Fund Net Position

Internal Service Fund

June 30, 2013

	<u>Self- Insurance</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$994,783
Investments	49,296
Accrued Interest Receivable	<u>166</u>
<i>Total Assets</i>	<u>1,044,245</u>
Current Liabilities	
Unearned Revenue	92,858
Claims Payable	<u>270,909</u>
<i>Total Liabilities</i>	<u>363,767</u>
Net Position	
Unrestricted	<u><u>\$680,478</u></u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2013

	Self- Insurance
Operating Revenues	
Charges for Services	\$1,734,288
Operating Expenses	
Salaries	3,000
Fringe Benefits	403
Purchased Services	516,566
Claims	1,497,878
<i>Total Operating Expenses</i>	2,017,847
 <i>Operating Loss</i>	 (283,559)
 Non-Operating Revenues	
Interest Income	1,347
 <i>Change in Net Position</i>	 (282,212)
 <i>Net Position at Beginning of Year</i>	 962,690
 <i>Net Position at End of Year</i>	 \$680,478

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2013

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$1,749,885
Cash Payments for Employee Services and Benefits	(3,403)
Cash Payments to Suppliers for Services	(516,566)
Cash Payments for Claims	(1,460,796)
<i>Net Cash Used for Operating Activities</i>	(230,880)
Cash Flows from Investing Activities	
Interest on Investments	2,628
<i>Net Decrease in Cash and Cash Equivalents</i>	(228,252)
<i>Cash and Cash Equivalents Beginning of Year</i>	1,272,331
<i>Cash and Cash Equivalents End of Year</i>	\$1,044,079
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$283,559)
Changes in Assets and Liabilities	
Decrease in Accounts Receivable	5,127
Increase in Unearned Revenue	10,470
Increase in Claims Payable	37,082
<i>Net Cash Used for Operating Activities</i>	(230,880)

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2013

Assets

Equity in Pooled Cash and Cash Equivalents	\$63,769
Cash and Cash Equivalents in Segregated Accounts	<u>42,249</u>
<i>Total Assets</i>	<u><u>\$106,018</u></u>

Liabilities

Due to Students	\$63,769
Intergovernmental Payable	<u>42,249</u>
<i>Total Liabilities</i>	<u><u>\$106,018</u></u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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 66 classified employees, 107 certificated full-time teaching personnel, and 12 administrative employees who provide services to 1,541 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 insure that the financial statements of the School District are not misleading. The primary government 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 five jointly governed organizations and one insurance purchasing pool. These organizations are the Licking Area Computer Association, the Mid-East Career and Technology Center, the Metropolitan Educational Council, the Coalition of Rural and Appalachian Schools, the Educational Regional Service System Region 12, and the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program. 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, 2013

A. Basis of Presentation

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

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 activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. 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. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The General Fund, Debt Service Fund, and the Permanent Improvement Fund Capital Projects 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, 2013

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.

Permanent Improvement Fund The Permanent Improvement Capital Projects Fund is used to account for the receipts and expenditures related to acquiring, constructing, and improving school facilities.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only Internal Service Fund accounts for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, dental, and vision claims.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student managed activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities 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 current liabilities 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.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Like the government-wide statements, the proprietary fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use 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 in 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 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property 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 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

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 position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position 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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. 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".

The School District has a segregated bank account for payroll. This checking account is presented on the financial statements as cash and cash equivalents in segregated accounts since it is kept separate from the School District treasury.

During fiscal year 2013, investments were limited to nonnegotiable certificates of deposit and federal agency securities. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$12,609, which includes \$9,062 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.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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, 2013

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

H. Capital Assets

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

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

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 Fixtures	5-25 years
Vehicles	8 years

I. Interfund Balances

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

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by laws through constitutional provisions or enabling legislation. See Note 21 for additional information regarding set asides.

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

K. Compensated Absences

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

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

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.

L. 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, claims and judgments, compensated absences, and contractually required pension contributions 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. Bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

M. 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. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

N. 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, prepaids, 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 Board of Education resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resources providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for 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 School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in 2013's appropriated budget.

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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.

O. Net Position

Net position represents the difference between assets and liabilities. 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. Net position restricted for other purposes include music and athletic programs and local, federal, and state grants restricted to expenditure for specified purposes.

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

During fiscal year 2013, the School District had negative net investment in capital assets due to the large premiums associated with the partial refunding of the 2003 school facilities construction and improvement general obligation bonds in fiscal years 2012 and 2013.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. 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.

R. 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.

S. Budgetary Data

All funds, other than agency 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

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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.

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

T. Bond Premium and Discount

On the government-wide financial statement, bond premiums and bond discounts are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

U. 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 of resources on the statement of net position.

Note 3 – Change in Accounting Principles

For fiscal year 2013, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements,” Statement No. 61, “The Financial Reporting Entity: Omnibus,” Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,” Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” Statement No. 65, “Items Previously Reported as Assets and Liabilities,” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the School District’s financial statements.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund 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. Unrecorded cash, prepaid items, and fair value adjustments for investments are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget) rather than committed or assigned fund balance (GAAP).
5. Budgetary revenues and expenditures of the Public School Support Fund and the School Store Fund are reclassified to the General Fund for GAAP Reporting.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The following tables summarize 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	(\$137,144)
Net Adjustment for Revenue Accruals	274,921
Net Adjustment for Expenditure Accruals	(15,917)
Beginning of Fiscal Year:	
Segregated Cash Accounts	20
Prepaid Items	64,203
Fair Value Adjustment for Investments	1,202
End of Fiscal Year:	
Prepaid Items	(70,100)
Fair Value Adjustment for Investments	(2,955)
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(4,252)
Adjustment for Encumbrances	(352,076)
Budget Basis	<u><u>(\$242,098)</u></u>

Note 5 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
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 describe in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,431,571 of the School District's bank balance of \$7,855,013 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments As of June 30, 2013, the School District had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal Farm Credit Bank Bonds	\$247,075	11/21/2016
Federal National Mortgage Association Bonds	49,325	10/30/2017
Federal Farm Credit Bank Bonds	244,233	1/30/2018
Federal National Mortgage Association Bonds	196,004	2/21/2018
Federal National Mortgage Association Notes	252,044	4/30/2018
Total	<u>\$988,681</u>	

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Interest Rate Risk

The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years except for commercial paper and bankers' acceptances which will be limited to 180 days. The Treasurer cannot make investments which she does not reasonably believe can be held until the maturity date.

Credit Risk

The Federal Farm Credit Bank Bonds and Federal National Mortgage Association Bonds and Notes carried a rating by Moody's of Aaa. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2013:

<u>Investment Issuer</u>	<u>Percentage of Investments</u>
Federal Farm Credit Bank Bonds	49.69
Federal National Mortgage Association Notes	25.50
Federal National Mortgage Association Bonds	24.81

Note 6 - 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 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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, 2013, are available to finance fiscal year 2013 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, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2013, was \$1,984,849, \$1,559,813 was available to the General Fund and \$425,036 was available to the Debt Service Fund. The amount available as an advance at June 30, 2012, was \$2,607,745, \$2,066,859 was available to the General Fund and \$540,886 was available to the Debt Service Fund. During fiscal year 2012, Muskingum County changed their second half collection date from a historical August collection date to a June 29 collection date. During fiscal year 2013, the collection date was July 5th.

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 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$295,413,880	96.68%	\$290,583,820	96.44%
Public Utility Personal	10,140,120	3.32%	10,724,910	3.56%
Total	<u>\$305,554,000</u>	<u>100.00%</u>	<u>\$301,308,730</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.39		\$43.80	

On May 7, 2013, voters approved a 5.9 mill emergency levy for five years. Collections will begin in January, 2014.

Note 7 - Receivables

Receivables at June 30, 2013, consisted of property taxes, payment in lieu of taxes, accounts (rent, student fees and tuition), intergovernmental grants, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes 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.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Bridge Adjustment - State Foundation	\$223,368
Title I Grant	146,145
Race to the Top Grant	139,762
Title II-A Grant	85,767
Title VI-B Special Education Grant	37,861
Bureau of Workers Compensation Rebate	34,378
E-Rate Reimbursement	30,374
Public Preschool Grant	16,107
Ohio Teacher Incentive Grant	15,634
Muskingum Valley Educational Service Center - Reimbursement	9,764
Medicaid Reimbursement	4,544
Mid East Career and Technology Center - Reimbursement	974
Ohio State University - Student Teacher Reimbursements	800
East Muskingum Local School District - Shared Salary	375
Total	<u>\$745,853</u>

On July 22, 2004, Muskingum County entered into an enterprise zone agreement with Worthington Foods, Inc. for the purpose of constructing a new facility, improving an existing building, and acquiring inventory to establish a new distribution facility. To encourage these improvements, the property owner was granted a 100 percent exemption from paying real and personal property taxes on the new construction; however, the property owner is required to make payment in lieu of taxes. The School District has agreed to this project and is being made whole for lost real and personal property taxes by receiving payments in lieu of taxes in an amount equal to the real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreement. Subsequent to the phase out of tangible personal property taxes, the School District will continue to receive payments in lieu of taxes in an amount equal to real property that otherwise would have been due each year. The property owner makes payment in lieu of taxes to Muskingum County which is distributed to the School District. These payments are being use to finance improvements and will continue over ten years.

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.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Nondepreciable Capital Assets				
Land	\$238,420	\$0	(\$1,236)	\$237,184
Land Improvements	415,839	0	0	415,839
Construction in Progress	0	13,685	0	13,685
Total Non-Depreciable Capital Assets	654,259	13,685	(1,236)	666,708
Depreciable Capital Assets				
Land Improvements	1,640,461	0	0	1,640,461
Building and Improvements	27,160,255	0	0	27,160,255
Furniture and Equipment	2,537,633	79,500	(118,223)	2,498,910
Vehicles	1,357,313	17,295	0	1,374,608
Total at Historical Cost	32,695,662	96,795	(118,223)	32,674,234
Less Accumulated Depreciation				
Land Improvements	(791,605)	(97,644)	0	(889,249)
Buildings and Improvements	(7,593,636)	(652,153)	0	(8,245,789)
Furniture and Equipment	(2,241,515)	(98,604)	107,023	(2,233,096)
Vehicles	(1,001,190)	(100,649)	0	(1,101,839)
Total Accumulated Depreciation	(11,627,946)	(949,050) *	107,023	(12,469,973)
Depreciable Capital Assets, Net of Accumulated Depreciation	21,067,716	(852,255)	(11,200)	20,204,261
Governmental Activities Capital Assets, Net	\$21,721,975	(\$838,570)	(\$12,436)	\$20,870,969

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$442,410
Special	83,559
Vocational	31,841
Support Services:	
Pupils	14,213
Instructional Staff	47,809
Administration	61,903
Operation of Maintenance and Plant	63,720
Pupil Transportation	97,890
Extracurricular	36,561
Food Service Operations	69,144
Total Depreciation Expense	\$949,050

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Note 9 – Interfund Transactions

Interfund balances at June 30, 2013, consist of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
Major Fund:		
General Fund	\$6,945	\$2,980
Other Nonmajor Governmental Funds:		
Total Other Nonmajor Governmental Funds	<u>2,980</u>	<u>6,945</u>
Total All Funds	<u><u>\$9,925</u></u>	<u><u>\$9,925</u></u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

During fiscal year 2013, the General Fund transferred \$35,000 to the Technology Capital Projects Fund for future technology expenditures.

Note 10 - Risk Management

A. 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. By contracting with Trident/Argonaut Insurance Company for liability and property insurance, the School District has addressed these various types of risk.

The types and amounts of coverage are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$45,358,648
Flood (\$25,000 deductible)	1,000,000
Earthquake (\$25,000 deductible)	1,000,000
Automobile Liability (\$500 deductible)	1,000,000
Auto Medical Payments	5,000
Uninsured Motorists (\$500 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Employment Practices Liability (\$2,500 deductible)	
Per occurrence	1,000,000
Aggregate Per Year	3,000,000
Commercial Excess Liability	1,000,000
Educators Legal Liability (\$2,500 deductible)	
Errors and Omissions Injury Limit	1,000,000
Aggregate Per Year	3,000,000

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in fiscal year 2013.

B. 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 Comp Management, Inc. 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.

C. Employee Medical Benefits

Medical/surgical and dental insurance is offered to employees through a Self-Insurance Internal Service Fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$270,909 reported in the Internal Service Fund at June 30, 2013, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy in the amount of \$1,000,000 annually. In addition, the School District has contracted for an excess stop-loss coverage with a maximum allowable covered expense per individual of \$35,000 annually.

Changes in the fund's claims liability amount in fiscal years 2012 and 2013 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2012	\$241,908	\$1,352,799	\$1,360,880	\$233,827
2013	233,827	1,497,878	1,460,796	270,909

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Note 11 - Employee Benefits

A. 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 five to twenty 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. Teachers do not earn vacation time.

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 220 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 55 days.

B. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees from Assurant Employee Benefits through School Claims Services.

C. Retirement Incentive

Upon reaching 30 years of retirement credit in the State Teachers Retirement System (STRS), teachers become eligible to receive a \$12,000 retirement bonus (incentive), providing they retire in their 30th year. The benefit will be paid in a lump sum payment at the time of retirement. Teachers who receive the bonus and who have worked 25 years or more in the School District receive an additional \$2,000.

Non-certified employees who retire with a minimum of 25 years of SERS service, ten of which have been earned as an employee of the School District, receive an additional five days of severance pay calculated at the employee's rate of pay at the time of retirement.

At June 30, 2013, no retirement incentives were accrued as a liability.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

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, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$225,593, \$230,587, and \$228,590, respectively. For fiscal year 2013, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The School District's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$777,935 and \$22,389 for the fiscal year ended June 30, 2013, \$697,299 and \$13,571 for the fiscal year ended June 30, 2012, and \$776,111 and \$13,766 for the fiscal year ended June 30, 2011. For fiscal year 2013, 84 percent has been contributed for the DB plan and 84 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the DC Plan for fiscal year 2013 were \$2,196 made by the School District and \$1,568 made by the plan members. In addition, member contributions of \$15,992 were made for fiscal year 2013 for the defined contribution portion of the Combined Plan.

C. 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, 2013, two member of the Board of Education elected Social Security. The contribution rate is 6.2 percent of wages.

Note 13 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$24,925 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$30,275, \$32,381, and \$53,962, respectively. For fiscal year 2013, 3 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were \$12,635, \$13,473, and \$14,761 respectively. For fiscal year 2013, 83 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were \$61,732, \$55,772, and \$61,832 respectively. For fiscal year 2013, 84 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Note 14 - Capitalized Leases

In prior fiscal years, the School District has entered into capitalized leases for copiers, fitness equipment, and to construct, renovate, improve, furnish, and equip an addition to the School District's existing middle school. Each lease meets the criteria of a capital lease which is defined as a lease which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

During fiscal year 2006, the School District entered into a capital lease 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 lease payments at the time of acquisition.

The copiers were originally capitalized in the amount of \$79,500. This amount represents the present value of the minimum lease payments at the time of acquisition.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

The accumulated depreciation on the building and equipment as of June 30, 2013, was \$277,950. Principal payments in fiscal year 2013 totaled \$75,852 in the governmental funds.

The following is a schedule of capital assets acquired through capital leases at June 30, 2013 for governmental funds:

Capitalized Leased Assets	Present Value of Future Minimum Lease Payments	Less Accumulated Depreciation 6/30/2013	Net of Accumulated Depreciation
<u>Governmental Activities:</u>			
Building	\$1,800,000	\$270,000	\$1,530,000
Equipment	79,500	7,950	71,550
Total Governmental Activities	<u>\$1,879,500</u>	<u>\$277,950</u>	<u>\$1,601,550</u>

The agreements provide for minimum annual rental payments as follows:

Fiscal Year Ending June 30,	OASBO Expanded Asset Pooled Financing Program	Equipment	Total
2014	\$117,801	\$19,367	\$137,168
2015	117,488	19,366	136,854
2016	117,084	19,466	136,550
2017	117,590	19,366	136,956
2018	116,960	16,138	133,098
2019-2023	586,262	0	586,262
2024-2028	586,596	0	586,596
2029-2032	468,659	0	468,659
Total Minimum Lease Payments	2,228,440	93,703	2,322,143
Less: Amount Representing Interest	(755,440)	(16,371)	(771,811)
Present Value of Minimum Lease Payments	<u>\$1,473,000</u>	<u>\$77,332</u>	<u>1,550,332</u>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Note 15 - Long Term Obligations

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

	Principal Outstanding 6/30/2012	Additions	Reductions	Principal Outstanding 6/30/2013	Amounts Due in One Year
Governmental Activities					
<i>School Facilities Construction and Improvement General Obligation Bonds 2003</i>					
Serial Bonds - \$4,735,000 2.00%-3.60%	\$1,215,000	\$0	\$700,000	\$515,000	\$515,000
Term Bonds - \$19,215,000 4.00%-5.00%	10,800,000	0	10,800,000	0	0
Serial/Term Bonds Bond Premium	208,304	0	197,341	10,963	0
Serial/Term Bond Discount	(38,207)	0	(36,196)	(2,011)	0
<i>School Facilities Construction and Improvement Refunding Bonds 2012</i>					
Serial Bonds - \$6,105,000 1.50%-3.125%	6,105,000	0	75,000	6,030,000	115,000
Term Bonds - \$1,735,000 3.00%	1,735,000	0	0	1,735,000	0
Capital Appreciation Bonds - \$159,593 2.15%-2.37%	159,593	0	0	159,593	0
Capital Appreciation Bonds Accretion	0	48,612	0	48,612	0
Serial Bond Premium	81,978	0	4,315	77,663	0
Capital Appreciation Bonds Premium	633,600	0	79,200	554,400	0
Serial/Term Bond Discount	(45,771)	0	(2,409)	(43,362)	0
<i>School Facilities Construction and Improvement Refunding Bonds 2013</i>					
Serial Bonds - \$9,795,000 2.00%-3.00%	0	9,795,000	0	9,795,000	175,000
Term Bonds - \$1,170,000 3.00%	0	1,170,000	0	1,170,000	0
Capital Appreciation Bonds - \$59,312	0	59,312	0	59,312	0
Capital Appreciation Bonds Accretion	0	11,123	0	11,123	0
Serial Bond Premium	0	229,131	10,485	218,646	0
Capital Appreciation Bonds Premium	0	532,239	14,784	517,455	0
Serial/Term Bond Discount	0	(45,276)	(1,258)	(44,018)	0
Total General Obligation Bonds	20,854,497	11,800,141	11,841,262	20,813,376	805,000
<i>Capital Leases</i>	1,546,684	79,500	75,852	1,550,332	64,638
<i>Compensated Absences Payable</i>	698,170	97,442	177,601	618,011	73,252
Total Governmental Activities Long-Term Liabilities	\$23,099,351	\$11,977,083	\$12,094,715	\$22,981,719	\$942,890

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

On March 10, 2003, the School District issued \$23,950,000 in voted general obligation bonds to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program, as part of the Expedited Local Partnership Program. The bond issue included serial and term bonds in the amounts of \$4,735,000 and \$19,215,000, respectively. The bonds will be retired from the Debt Service Fund. The serial and a portion of the term bonds were sold at a premium of \$520,765, with a portion of the term bonds being sold at a discount of \$95,523. Issuance costs associated with the bond issue were \$274,552. The bonds were issued for a twenty-eight year period with a final maturity at December 1, 2030. During fiscal year 2012, School District advance refunded \$325,000 in serial bonds and \$7,675,000 in term bonds for a total of \$8,000,000. During fiscal year 2013, School District advanced refunded an additional \$230,000 in serial bonds and \$10,800,000 in term bonds for a total of \$11,030,000. The advance refunded portions of the bonds were removed from the financial statements of the School District. The remaining outstanding bonds are being retired from the Debt Service Fund using tax revenues. The original bonds were issued for a twenty-eight year period with a final maturity at December 1, 2030, and after the advance refunding the remaining bonds continue to have a final maturity at December 1, 2030.

Principal and interest requirements to retire the remaining 2003 long-term general obligation bonds outstanding at June 30, 2013, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$515,000	\$9,013	\$524,013

On May 8, 2012, the School District issued \$7,999,593 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 a nineteen year period with a final maturity at December 1, 2030. The \$7,999,593 bond issue consists of serial bonds of \$6,105,000, \$1,735,000 term bonds, and \$159,593 in capital appreciation bonds. The serial bonds were issued at a premium in the amount of \$81,978. The capital appreciation bonds were issued at a premium in the amount of \$633,600. The term bonds and a few serial bonds were issued at a discount in the amount of \$45,771. Issuance costs were \$123,849. 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 issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt in the amount of \$1,257,489. The issuance resulted in a total economic gain in the amount of \$980,556. At the date of refunding, \$8,540,801 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 of 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. As of June 30, 2013, \$8,180,824 remained in the escrow account to retire the partially refunded 2003 School Facilities Construction and Improvement General Obligation Bonds outstanding balance in the amount of \$8,000,000.

The term bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Year	Principal Amount to be Redeemed
2027	\$565,000
2028	575,000
Total	<u>\$1,140,000</u>

The remaining principal amount of such bonds (\$595,000) will be paid at stated maturity on December 1, 2029.

Principal and interest requirements to retire the 2012 refunding bonds outstanding at June 30, 2013, are as follows:

Fiscal Year	Serial/Term Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2014	\$115,000	\$196,488	\$0	\$0	\$311,488
2015	440,000	192,325	0	0	632,325
2016	445,000	185,688	0	0	630,688
2017	445,000	179,013	0	0	624,013
2018	455,000	172,263	0	0	627,263
2019-2023	1,425,000	788,172	159,593	770,407	3,143,172
2024-2028	2,655,000	473,588	0	0	3,128,588
2029-2031	1,785,000	83,447	0	0	1,868,447
Totals	<u>\$7,765,000</u>	<u>\$2,270,984</u>	<u>\$159,593</u>	<u>\$770,407</u>	<u>\$10,965,984</u>

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 consists 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. Issuance costs were \$186,170. 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 issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt in the amount of \$2,285,545. The issuance resulted in a total economic gain in the amount of \$1,821,596. 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 of 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. As of June 30, 2013, \$11,283,444 remained in the escrow account to retire the partially refunded 2003 School Facilities Construction and Improvement General Obligation Bonds outstanding balance in the amount of \$11,030,000.

The term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

	Principal Amount to be
<u>Year</u>	<u>Redeemed</u>
2027	\$555,000

The remaining principal amount of such bonds (\$615,000) will be paid at stated maturity on December 1, 2028.

Principal and interest requirements to retire the 2013 refunding bonds outstanding at June 30, 2013, are as follows:

Fiscal Year	Serial/Term Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2014	\$175,000	\$281,160	\$0	\$0	\$456,160
2015	340,000	277,373	0	0	617,373
2016	380,000	272,375	0	0	652,375
2017	325,000	267,089	15,060	69,940	677,089
2018	360,000	261,330	10,205	79,795	711,330
2019-2023	2,200,000	1,199,211	34,047	580,953	4,014,211
2024-2028	4,010,000	779,801	0	0	4,789,801
2029-2031	3,175,000	147,225	0	0	3,322,225
Totals	<u>\$10,965,000</u>	<u>\$3,485,564</u>	<u>\$59,312</u>	<u>\$730,688</u>	<u>\$15,240,564</u>

Capital leases will be paid from the General Fund. Compensated absences will be paid from the General Fund and Food Service Fund.

The School District's overall legal debt margin at June 30, 2013, was \$10,584,099, with an unvoted debt margin of \$301,309.

Note 16- Jointly Governed Organizations

A. Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services approximately thirty entities within the boundaries of Licking, Fairfield, Perry, and Muskingum Counties. These entities consist of public school districts and educational service centers. 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 the School District does not have an equity interest in the Association. The Board exercises total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. The School District's payments to LACA for computer services for fiscal year 2013 were \$82,734. Financial statements for LACA can be obtained from their fiscal agent - the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

B. 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 2013, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Rick White, Treasurer, at 1965 Chandlerville Road, Zanesville, Ohio 43701.

C. Metropolitan Educational Council

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of 266 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 59 counties in Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The School District participates in the insurance purchasing pool. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating member district in Franklin County (18 member districts) and one representative from each county. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board.

Each year, each participating school district pays a membership fee to MEC to cover the costs of administering the program. School District payments to MEC for fiscal year 2013 were \$655 for membership. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

D. 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 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. 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 2013, the School District made a payment of \$325 to the Coalition for a membership fee. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

E. Educational Regional Service System Region 12

The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Advisory Council exercises total control over the operations of ERSS including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio, 43701.

Note 17 - Insurance Purchasing Pools

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program

The Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. 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.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. 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 receive either a premium refund or assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group. During fiscal year 2013, the School District paid \$1,800 in enrollment fees to the Program.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Note 18 - Contingencies

A. 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 terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

As of June 30, 2013, the School District had one pending litigation case that was settled on August 28, 2013. The amount of the settlement is immaterial to the financial statements.

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 year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds:	
General Fund	\$ 352,076
Permanent Improvement Fund	83,051
Nonmajor Governmental Funds	<u>71,270</u>
Total	<u><u>\$506,397</u></u>

Note 20 – 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 below:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Fund Balances	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$70,100	\$0	\$0	\$0	\$70,100
Materials and Supplies					
Inventory	22,748	0	0	1,642	24,390
<i>Total Nonspendable</i>	<u>92,848</u>	<u>0</u>	<u>0</u>	<u>1,642</u>	<u>94,490</u>
<u>Restricted for:</u>					
Food Service Operations	0	0	0	181,911	181,911
Athletics and Music	0	0	0	18,493	18,493
State Grant Expenditures	0	0	0	43,577	43,577
Local Grant Expenditures	0	0	0	2,331	2,331
Debt Service Payments	0	2,930,218	0	0	2,930,218
Capital Improvements	0	0	0	284,640	284,640
<i>Total Restricted</i>	<u>0</u>	<u>2,930,218</u>	<u>0</u>	<u>530,952</u>	<u>3,461,170</u>
<u>Committed to:</u>					
Scholarships	0	0	0	6,043	6,043
Capital Projects	0	0	83,051	41,652	124,703
Purchases on Order	169,729	0	0	0	169,729
<i>Total Committed</i>	<u>169,729</u>	<u>0</u>	<u>83,051</u>	<u>47,695</u>	<u>300,475</u>
<u>Assigned to:</u>					
Capital Improvements	0	0	2,592,943	0	2,592,943
Assigned to Subsequent Year's					
Appropriations	1,711,035	0	0	0	1,711,035
Purchases on Order	144,776	0	0	0	144,776
<i>Total Assigned</i>	<u>1,855,811</u>	<u>0</u>	<u>2,592,943</u>	<u>0</u>	<u>4,448,754</u>
Unassigned:	202,593	0	0	0	202,593
<i>Total Fund Balances</i>	<u>\$2,320,981</u>	<u>\$2,930,218</u>	<u>\$2,675,994</u>	<u>\$580,289</u>	<u>\$8,507,482</u>

Note 21 - 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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-aside Requirement	256,008
Current Year Offsets	(1,708,734)
Qualifying Disbursements	(43,043)
Total	<u>(\$1,495,769)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

The School District had qualifying disbursements and 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 years.

Note 22 – Subsequent Event

In November of 2002, the residents of the School District approved a \$23,950,000 bond levy as part of the Expedited Local Partnership Program. The School District built a new high school and renovated the middle school during phase one and two new elementary buildings will be built during phase two. Phase one construction costs were funded entirely by local monies. Phase two monies will be funded with State monies for which the School District is eligible beginning in 2010 and ending in 2015. On September 18, 2013, the School District Board of Education approved a resolution to move forward with the building of phase two. On September 18, 2013, the local portion of the Ohio School Facilities project was approved. Transfers in the amount of \$600,000 from the General Fund and transfers in the amount of \$2,470,932 from the Permanent Improvement Fund were approved. The transfers were receipted into the Classroom Facilities Maintenance Special Revenue Fund in the amount of \$700,000 and into the Classroom Facilities Project Capital Projects Fund in the amount of \$2,371,932. The School District also took action to allocate \$120,000 in payment in lieu of taxes collected each year to the Classroom Facilities Maintenance Special Revenue Fund for the next twenty-three years. Due to the approval of this agreement between the School District and the Ohio School Facilities Commission, no local levy is needed for the Classroom Facilities Maintenance Special Revenue Fund and the School District was granted \$14,598,522 from the Ohio School Facilities Commission.

On December 11, 2013, the Board of Education approved an agreement with an architect in the amount of \$1,301,443 as part of its Ohio School Facilities Commission's Classroom Facilities Assistance Program project.

This page intentionally left blank.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	2012/2013	10.555	\$ 42,385	\$ 42,385
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	67,202	67,202
National School Lunch Program	2012/2013	10.555	283,853	283,853
Cash Assistance Subtotal			<u>351,055</u>	<u>351,055</u>
Total Child Nutrition Cluster			<u>393,440</u>	<u>393,440</u>
Total U.S. Department of Agriculture			393,440	393,440
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2012	84.010	93,000	111,690
	2013		546,726	542,246
Total Title I Grants to Local Educational Agencies			<u>639,726</u>	<u>653,936</u>
Special Education Grants to States	2012	84.027	50,089	52,401
	2013		268,771	268,771
Total Special Education Grants to States			<u>318,860</u>	<u>321,172</u>
Education Technology State Grants	2013	84.318	0	4,634
Rural Education	2013	84.358	5,985	8,534
Improving Teacher Quality State Grants	2012	84.367	(2,129)	13,603
	2013		45,911	45,381
Total Improving Teacher Quality State Grants			<u>43,782</u>	<u>58,984</u>
Teacher Incentive Fund Cluster:				
Teacher Incentive Fund	2013	84.374	60,203	59,699
Teacher Incentive Fund Supplement	2013		0	4,779
Total Teacher Incentive Fund			<u>60,203</u>	<u>64,478</u>
ARRA - Teacher Incentive Fund, Recovery Act				
Teacher Incentive Fund	2012	84.385	15,007	4,250
Teacher Incentive Fund	2013		165,773	165,773
Assessment Literacy	2013		19,222	1,023
Ohio Teacher Evaluation System Communication Project	2012		2,996	2,996
Ohio Teacher Incentive Fund Supplement	2013		5,676	5,676
Total ARRA - Teacher Incentive Fund, Recovery Act			<u>208,674</u>	<u>179,718</u>
Total Teacher Incentive Fund Cluster			268,877	244,196
ARRA - Race to the Top, Recovery Act:				
Race to the Top Incentives Grant	2012	84.395	0	2,344
Race to the Top Incentives Grant	2013		86,055	82,672
Ohio Resident Educator Fund	2013		700	700
Ohio Appalachain Collaboration	2012		8,500	10,341
Ohio Appalachain Collaboration	2013		96,779	86,753
Total ARRA - Race to the Top, Recovery Act			<u>192,034</u>	<u>182,810</u>
Education Jobs Fund	2012	84.410	49,364	53,510
Total U.S. Department of Education			<u>1,518,628</u>	<u>1,527,776</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,912,068</u>	<u>\$ 1,921,216</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the West Muskingum Local School District's (the School District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - 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 C – FOOD DONATION PROGRAM

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

NOTE D - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School District transferred the following amounts from 2012 to 2013 program:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2012 to 2013</u>
Improving Teacher Quality State Grants	84.367	\$2,129



Dave Yost • Auditor of State

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 auditing standards generally accepted in the United States and 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 West Muskingum Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2013, 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 February 27, 2014, wherein, we noted the School District adopted Governmental Accounting Standards Board Statements Nos. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the West Muskingum Local School District's, Muskingum County, Ohio (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

Basis for Qualified Opinion on Title I, Part A and Teacher Incentive Fund Cluster

As described in finding 2013-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding cash management applicable to its Title I, Part A, and Teacher Incentive Fund Cluster major federal programs. Compliance with these requirements is necessary, in our opinion, for the School District to comply with requirements applicable to these programs.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

www.ohioauditor.gov

Qualified Opinion on Title I, Part A and Teacher Incentive Fund Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I, Part A, and Teacher Incentive Fund Cluster* paragraph, the West Muskingum Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I, Part A and Teacher Incentive Fund Cluster for the year ended June, 30, 2013.

Other Matters

The School District's response to our noncompliance finding is described in the accompanying Schedule of Findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-001 to be a material weakness.

The School District's response to our internal control over compliance finding is described in the accompanying Schedule of Findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

West Muskingum Local School District
Muskingum County
Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133
Page 3

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2014

This page intentionally left blank.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I, Part A, CFDA No. 84.010 Teacher Incentive Fund Cluster, CFDA No. 84.374 & 84.385
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2013-001
CFDA Title and Number	Title I, Part A, CFDA No. 84.010; Teacher Incentive Fund Cluster, CFDA No. 84.374 & 84.385
Federal Award Number / Year	2012/2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance and Material Weakness – Cash Management

34 CFR 80.21(c) states grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee. 34 CFR 80.20(b)(7) states procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

Ohio Department of Education CCIP Note #284 states all cash requests must be compliant with the provisions of the Cash Management Improvement Act (34 CFR 80.21). To receive approval consideration, cash requests must be made *for immediate needs for the month requested*. Funds may be requested for a maximum of one (1) month plus any negative cash balance. To comply with the “Cash Management Act” 31 CFR part 205, the time lapsed between the receipt and disbursement of funds must be minimized; this includes any draw down of project funds by June 30. Funds must be expended within the period of time for which cash is requested.

For the Teacher Incentive Fund Cluster program, eleven of the twelve drawdowns (92%) were not spent by the end of the month as required by the Ohio Department of Education. In addition, for the Title I, Part A program, eleven of the twelve drawdowns (92%) were not spent by the end of the month as required by the Ohio Department of Education.

We recommend the School District Treasurer review fund balances periodically to ensure that all federal receipts are expended within the required period.

Officials’ Response and Corrective Action Plan: The Treasurer reviews existing fund balances and estimates necessary project cash advance requests for expenditures monthly in order to anticipate cash flow needs as closely as possible. Based upon the financial condition at West Muskingum, monthly project cash requests are made in advance to cover anticipated expenses because our general fund at times cannot cover deficit grant balances. The timing of these anticipated expenses did not always generate zero balances within the grant fund on the last day of each month. However, these balances were in the majority of the cases expended within 10 - 15 days of the following month. The treasurer will continue to monitor monthly cash flow and adjust federal project cash requests to match expenditures thereby maintain zero balances in grant funds moving forward.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Failure to comply with federal cash management requirements.	No	Repeated. See Finding No. 2013-001.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the West Muskingum Local School District, Muskingum County, Ohio, has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on July 18, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

February 27, 2014

This page intentionally left blank.



Dave Yost • Auditor of State

WEST MUSKINGUM LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 11, 2014**