

MUSKINGUM WATERSHED
CONSERVANCY DISTRICT
TUSCARAWAS COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2023



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board Members
Muskingum Watershed Conservancy District
1319 Third Street
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Muskingum Watershed Conservancy District, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Muskingum Watershed Conservancy District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2024

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Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
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Independent Auditor's Report

Muskingum Watershed Conservancy District
Tuscarawas County
1319 3rd Street NW
New Philadelphia, OH 44663

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Muskingum Watershed Conservancy District (the Conservancy District), Tuscarawas County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Conservancy District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Muskingum Watershed Conservancy District, Tuscarawas County, Ohio, as of December 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *Schedule of Expenditures of Federal Awards* as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2024 on our consideration of the Conservancy District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Conservancy District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Conservancy District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
June 10, 2024

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

The discussion and analysis of the Muskingum Watershed Conservancy District's (the "Conservancy District") financial performance provides an overall review of the Conservancy District's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Conservancy District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Conservancy District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2023 are as follows:

- Net position increased \$19,947,634 as a result of current year operations.
- Outstanding debt decreased from \$422,869 to \$339,229 through principal payments.
- Capital Assets increased \$3,933,310 as a result of the continuation of the recreational improvements throughout the Conservancy District.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – required supplementary information, the basic financial statements, and notes to the basic financial statements. These statements are organized so that the reader can understand the financial position of the Conservancy District. The statement of net position represents the basic statement of position for the Conservancy District. The statement of revenues, expenses and changes in net position present increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The statement of cash flows reflects how the Conservancy District finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

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**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

FINANCIAL ANALYSIS OF THE CONSERVANCY DISTRICT AS A WHOLE

The Conservancy District is not required to present government-wide financial statements as the Conservancy District is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the Conservancy District's condensed financial information for 2023 and 2022, derived from the statement of net position and the statement of revenues, expenses, and changes in net position.

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	239,726,906	225,551,001
Capital Assets, Net	191,972,308	188,038,998
<i>Total Assets</i>	<u>431,699,214</u>	<u>413,589,999</u>
Deferred Outflows of Resources		
OPEB	1,019,896	-
Pensions	6,624,005	1,963,794
<i>Total Deferred Outflows of Resources</i>	<u>7,643,901</u>	<u>1,963,794</u>
Liabilities		
Current Liabilities	3,295,277	2,878,819
Long-Term Liabilities	18,145,210	6,086,021
<i>Total Liabilities</i>	<u>21,440,487</u>	<u>8,964,840</u>
Deferred Inflows of Resources		
OPEB	120,659	1,721,981
Pensions	67,046	5,744,100
Leases	75,786,786	77,142,369
<i>Total Deferred Inflows of Resources</i>	<u>75,974,491</u>	<u>84,608,450</u>
Net Position		
Net Investment in Capital Assets	190,567,470	187,439,733
Restricted	14,840,323	15,460,936
Unrestricted	136,520,344	119,079,834
<i>Total Net Position</i>	<u>341,928,137</u>	<u>321,980,503</u>

The net pension liability (NPL) is the largest single liability reported by the Conservancy District at December 31, 2023 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Conservancy District's actual financial condition by adding deferred inflows related to pension and OPEB, the

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2023

net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the Conservancy District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Conservancy District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions,

**Muskingum Watershed Conservancy District
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*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and net OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

During 2023, net position increased \$19,947,634 which is attributable to an increase in cash and investment totals as a result of operations, as well as intergovernmental receivables for several on-going grants in 2023, and the acquisition of additional lands which were acquired with grant dollars.

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**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Timber Sales	\$ 586,910	\$ 286,279
Pine-Pulpwood Sales	212,078	56,186
Mineral Rights and Royalties	21,636,495	76,872,625
Share Crop Lease	178,039	265,072
Cottage Sites (Lease Revenue)	3,538,289	3,209,797
Marina Operations	2,946,883	2,726,075
Fishing Rights	62,647	62,647
Marina Camping	563,454	572,020
Water Sales	707,083	685,334
Beach Facilities	210,325	215,698
Water and Sewer Systems	103,513	82,562
Vacation Cabin	873,024	865,510
Park Camping	9,786,675	9,240,771
Admissions - park facilities	215,884	225,764
Special Events	284,488	218,803
Miscellaneous Income	239,603	249,938
<i>Total Operating Revenues</i>	<u>\$42,145,390</u>	<u>\$95,835,081</u>

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**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

	<u>2023</u>	<u>2022</u>
Operating Expenses		
Water quality	\$ 549,560	\$ 702,204
Vehicles and equipment	736,471	665,982
Dam Safety/Upgrades	352,753	428,427
Boundary survey	101,451	115,690
Conservation	5,198,650	155,778
Reservoir Maintenance	57,670	53,826
Information Systems/Technology	818,268	646,186
Shoreline Protection	105,579	42,399
Share crop	27,846	37,398
Mineral operation	339,099	189,962
Watershed management	495,606	612,525
Beach facilities	118,903	137,725
Office building	214,977	248,859
Administrative and finance	2,571,419	2,105,561
Engineering	769,858	516,486
Planning and development	161,951	244,888
GIS and Parcel Development	24,326	13,253
Forestry maintenance	189,766	150,655
Park camping	3,309,593	2,598,402
Park Master Planning	639,443	632,871
Cottage sites and clubs	1,562,267	1,088,272
General park facilities	4,495,157	2,958,221
Vacation cabin	358,591	286,109
Marina operation	2,130,643	1,881,288
Water and sewer system	644,410	765,319
Lake patrol operation	1,279,453	815,577
Education and public information	354,771	302,298
Safety	278,466	159,587
Recreation maintenance	74,206	186,778
Parks - special events	249,293	172,825
Trails	240,461	0
Partners in Watershed Management	1,279,412	743,798
Sediment Removal	39,771	107,621
Depreciation	10,110,834	9,736,375
<i>Total Operating Expenses</i>	<u>39,880,924</u>	<u>29,503,145</u>
<i>Operating Income (Loss)</i>	<u>\$ 2,264,466</u>	<u>\$ 66,331,936</u>

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

	<u>2023</u>	<u>2022</u>
Non-Operating Revenues (Expenses)		
Capital Contributions	\$ 678,500	\$ -
Maintenance assessments	6,022,004	6,083,033
Grants	4,027,405	144,125
Interest on investments	5,500,567	(2,360,885)
Lease Interest Income	1,521,472	1,385,304
Debt retirement - Interest	(66,780)	(33,653)
<i>Total Net Non-Operating Revenues (Expenses)</i>	<u>17,683,168</u>	<u>5,217,924</u>
<i>Change in Net Position</i>	<u>\$ 19,947,634</u>	<u>\$ 71,549,860</u>

The overall decrease in operating revenues was largely driven by mineral rights and royalties. In the prior year, the Conservancy District entered the largest mineral exploration agreement in Ohio at the Tappan Lake reservoir and realized a bonus payment in excess of \$40 million. Mineral royalties are largely dependent on commodity prices which were lower in 2023 than the prior year.

Demand for the Conservancy District's parks and marinas remained strong during 2023, with estimates of park attendance exceeding 4 million visitors again. Almost every revenue line item in the parks and marinas increased in 2023, with park camping exceeding \$9.7 million, or an increase of approximately 6%.

Timber and Pine are also a commodity and the market for both was positive in 2023 and allowed for the increase in forestry of 133%.

Operating expenses increased 35% in 2023.

- The largest fluctuation to operating expenses was in conservation. During 2023, the Conservancy District donated \$5,000,000 to the Foundation for Appalachia Ohio, to create the Muskingum Watershed Environmental Stewardship Fund, which will enhance conservation efforts through the Muskingum Watershed.
- Significant fluctuations in the GASB 68 and GASB 75, caused expense accounts to fluctuate over \$4.1 million between 2022 and 2023, which inflates the variances in line items during 2023.

Grant revenue increased \$3.9 million due to the receipt of a Clean Ohio grant for the purchase of land at Wills Creek in 2023, as well as the receipt of a federal ARPA grant that is funding a waste water treatment plant at Clendening. The increase in capital contributions was also attributable to the Wills Creek acquisition. Interest on investments fluctuated due to a fair market value adjustment to properly reflect market conditions.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023 the Conservancy District had \$191,972,308 of capital assets net of accumulated depreciation/amortization. The following table shows 2023 balances compared with 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 15,104,450	\$ 12,273,475
Capitalized Development Costs	1,189,495	1,189,495
Construction in Progress	6,662,624	2,915,106
Land Improvements	72,001,518	73,651,847
Buildings	38,609,144	38,540,723
Building Improvements	3,617,681	3,776,937
Furniture, Fixtures and Equipment	1,948,386	2,307,997
Intangible Right-to Use FFE	20,496	28,694
Vehicles	42,883	70,027
Intangible Right-to Use Vehicles	600,170	198,662
Infrastructure	52,175,461	53,086,035
<i>Totals</i>	<u>\$ 191,972,308</u>	<u>\$ 188,038,998</u>

Additional information on the Conservancy District's capital assets can be found in Note 6.

Debt

The outstanding debt for the Conservancy District as of December 31, 2023 was \$339,229 with \$66,458 due within one year. The following table summarizes the Conservancy District's debt outstanding as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
OWDA #2162 - 5.56%	\$ 19,964	\$ 58,284
OWDA #5413 - 0%	56,668	66,112
OWDA #5575 - 3.25%	251,471	285,693
OWDA #5558 - 3.25%	11,126	12,780
<i>Totals</i>	<u>\$ 339,229</u>	<u>\$ 422,869</u>

Additional information on the Conservancy District's long-term debt can be found in Note 11.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Management's Discussion and Analysis
For the Year Ended December 31, 2023*

CURRENT ISSUES

The Utica shale activity in Ohio has presented the Conservancy District with opportunities to utilize its natural resources. As of December 31, 2023, the Conservancy District received royalties from one hundred and sixteen (116) producing Utica wells and further income in the form of delay rental payments for non-producing acreage. Oil and gas leases covering Leesville, Clendening, and Seneca reservoirs currently have producing wells and development around these reservoirs is expected to continue into 2024 and beyond. The Conservancy District still has additional acreage available for lease in the Utica Shale, the Conservancy District will continue to evaluate and analyze future opportunities to participate in responsible development and recovery of its resources.

The Utica shale activity has allowed the Conservancy District to fund significant upgrades to the parks and marinas it owns and operates. Through the end of 2023, \$165 million has been invested into the parks and marinas to upgrade infrastructure and increase guest amenities. Phase II of the master plan is in process and includes additional marina and campground improvements with an emphasis on amenities within our facilities. At the same time Phase III of the master plan is in the planning phases and will have an emphasis on reimagining recreation, by providing additional ways the public will be able to enjoy our parks and marinas. A significant project that is currently being planned is Tappan Campground Area 4. It is one of the largest campground areas with over 200 sites. The planning for Area 4 is going to incorporate more green infrastructure which aligns with the conservation mission of the Conservancy District. The 2024 master plan budget is over \$18 million. The master planning projects will continue for several years.

The cottage leasing program is a popular offering of the Conservancy District, with over 1200 cottage lease sites throughout the District. Planning is underway for two new projects at the Atwood reservoir. Expansion of the Pines cottage area at Atwood will provide additional cottage sites, that will be like the current sites available, but will also incorporate more green infrastructure in their design. The Atwood Peninsula project, which is currently in the planning stages, will likely provide alternative options to the cottage leasing program, adding multi-unit options for those that desire lake living but don't want the upkeep. In addition, the planning includes an economic analysis to see if the site could support health care and retail operations since those are areas of need in the region. Finally, the cottage lease program went through a re-appraisal process, which was implemented in 2024 and was a comprehensive effort which updated the underlying value of the land and is a tool to help ensure the Conservancy District is receiving the appropriate compensation the underlying asset.

The Conservancy District worked with a solar developer, IMC solar, during 2023 to plan solar projects throughout the Conservancy District. Solar projects align with our conservation mission, as well as provide a financial benefit to the Conservancy District by lowering our electric costs. The passing of the Inflation Reduction Act opened the opportunity for the Conservancy District to receive the tax credits in the form of a direct payment, so the Conservancy District will own the projects and receive a full offset of our electric costs at seventeen sites throughout the District. All the projects are slated to be completed during 2024 and will offset approximately 17% of the electric used District wide.

**Muskingum Watershed Conservancy District
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At their board meeting in April of 2023, the Board approved the reduction in the Maintenance Assessment to the statutory minimum of \$2 per residential unit for the collection year beginning in 2024. This will generate approximately \$2 million annually. The projects and priorities of the Maintenance Assessment will remain in place and the funding will be supplemented through the transfer of Utica Shale royalties. The current Maintenance Assessment budget in 2024 is \$6.2 million.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Conservancy District's finances and to show the Conservancy District's accountability for the money it receives. If you have questions about this report or need additional information, contact James Crandall of the Muskingum Watershed Conservancy District.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Statement of Net Position
Proprietary Fund
December 31, 2023

Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 129,330,539
Accrued Interest	834,393
Accounts Receivable	8,304,246
Intergovernmental Receivable	1,841,191
Lease Receivable	1,431,575
Prepays	46,186
Maintenance Assessments Receivable	<u>1,007,514</u>
<i>Total Current Assets</i>	<u>142,795,644</u>
<i>Non-Current Assets:</i>	
Lease Receivable - Long Term	76,609,664
Accounts Receivable - Long Term	20,321,598
Non-Depreciable Capital Assets	22,956,569
Depreciable Capital Assets, Net	<u>169,015,739</u>
<i>Total Non-Current Assets</i>	<u>288,903,570</u>
<i>Total Assets</i>	<u>431,699,214</u>
Deferred Outflows of Resources	
OPEB	1,019,896
Pension	<u>6,624,005</u>
<i>Total Deferred Outflows of Resources</i>	<u>7,643,901</u>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	517,612
Contracts Payable	397,475
Retainage Payable	152,335
Performance Bond Payable	113,312
Due to Other Governments	146,532
Accrued Wages and Benefits	186,930
Accrued Interest Payable	100
Accrued Life Insurance	21,919
Claims Payable	286,000
Advances	1,165,329
Compensated Absences	116,950
Leases Payable	124,325
OWDA Loans Payable	<u>66,458</u>
<i>Total Current Liabilities</i>	<u>3,295,277</u>
<i>Long-Term Liabilities:</i>	
Compensated Absences - net of current portion	1,170,660
Leases Payable - net of current portion	459,267
OWDA Loans Payable - net of current portion	272,771
Net OPEB Liability	343,765
Net Pension Liability	<u>15,898,747</u>
<i>Total Long-Term Liabilities</i>	<u>18,145,210</u>
<i>Total Liabilities</i>	<u>21,440,487</u>
Deferred Inflows of Resources	
OPEB	120,659
Pension	67,046
Leases	<u>75,786,786</u>
<i>Total Deferred Inflows of Resources</i>	<u>75,974,491</u>
Net Position	
Net Investment in Capital Assets	190,567,470
Restricted for Maintenance Assessment	14,840,323
Unrestricted	<u>136,520,344</u>
<i>Total Net Position</i>	<u>\$ 341,928,137</u>

See accompanying notes to the basic financial statements

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2023

Operating Revenues

Water Sales	\$ 707,083
Water and sewer systems	103,513
Timber sales	586,910
Pine/pulpwood sales	212,078
Mineral rights and royalties	21,636,495
Share crop lease	178,039
Cottage sites (Lease Revenue)	3,538,289
Marina operations	2,946,883
Marina camping	563,454
Fishing rights	62,647
Beach facilities	210,325
Vacation cabin	873,024
Park camping	9,786,675
Parks - Special events	284,488
Admissions - park facilities	215,884
Miscellaneous income	<u>239,603</u>
<i>Total Operating Revenues</i>	<u>42,145,390</u>

Operating Expenses

Water Quality	549,560
Vehicles and equipment	736,471
Dam safety/upgrades	352,753
Boundary survey	101,451
Conservation	5,198,650
Reservoir Maintenance	57,670
Information Systems/Technology	818,268
Shoreline Protection	105,579
Share crop	27,846
Mineral operation	339,099
Watershed management	495,606
Beach facilities	118,903
Office building	214,977
Administrative and finance	2,571,419
Engineering	769,858
Planning and development	161,951
GIS and Parcel Development	24,326
Forestry maintenance	189,766
Park camping expense	3,309,593
Park Master Planning	639,443
Cottage sites and clubs	1,562,267
General park facilities	4,495,157
Vacation cabin	358,591
Marina operation	2,130,643

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2023

		(Continued)
Water and sewer system	\$	644,410
Lake patrol operation		1,279,453
Education and public information		354,771
Safety		278,466
Recreation maintenance		74,206
Parks - special events		249,293
Trails		240,461
Partners in Watershed Management (PWM)		1,279,412
Sediment Removal		39,771
Depreciation/Amortization		<u>10,110,834</u>
<i>Total Operating Expenses</i>		<u>39,880,924</u>
<i>Operating Income</i>		2,264,466
Non-Operating Revenues (Expenses)		
Capital Contributions		678,500
Maintenance assessments		6,022,004
Grants		4,027,405
Interest on investments		5,500,567
Lease Interest Income		1,521,472
Debt retirement - Interest		<u>(66,780)</u>
<i>Total Net Non-Operating Revenues (Expenses)</i>		<u>17,683,168</u>
<i>Change in Net Position</i>		19,947,634
Net Position - Beginning of Year		<u>321,980,503</u>
Net Position - End of Year	\$	<u><u>341,928,137</u></u>

See accompanying notes to the basic financial statements

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

Cash flows from Operating Activities:	
Cash Received from Customers	\$ 49,256,353
Cash Payments to Suppliers for Goods and Services	(18,289,352)
Cash Payments for Employees Services and Benefits	<u>(12,551,200)</u>
<i>Net Cash Provided (Used) For Operating Activities</i>	<u>18,415,801</u>
Cash Flows from Noncapital Financing Activities:	
Principal Payments on OWDA Loans	(11,098)
Intergovernmental Grants	290,739
Maintenance Assessments	4,977,046
Lease Interest Income	1,440,591
Interest Paid on Debt	<u>(371)</u>
<i>Net Cash Provided (Used) by Noncapital Financing Activities</i>	<u>6,696,907</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(12,338,876)
Maintenance Assessments	1,020,401
Intergovernmental Grants	1,895,475
Principal Payments on OWDA Loans	(72,542)
Principal Payments on Leases	(112,875)
Interest Paid on Debt	<u>(66,409)</u>
<i>Net Cash Provided (Used) for Capital and Related Financing Activities</i>	<u>(9,674,826)</u>
Cash Flows from Investing Activities:	
Receipts of Interest	2,796,975
Payments for purchase of investments	(57,017,175)
Proceeds from Sale of Investments	<u>38,542,866</u>
<i>Net Cash Provided (Used) for Investing Activities</i>	<u>(15,677,334)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(239,452)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>7,545,576</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 7,306,124</u>
Reconciliation of Operating Gain To Net Cash Used by Operating Activities:	
Operating Income	\$ 2,264,466
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation/Amortization	10,110,834
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	7,071,172
Lease Receivable	17,817
Prepays	(3,048)
Net OPEB Asset	1,639,024
Deferred Outflows	(5,680,107)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(218,073)
Performance Bond Payable	31,000
Escrow Funds Payable	4,641
Advances	21,974
Claims Payable	6,000
Accrued Wages and Benefits	37
Accrued Life Insurance	6,680
Compensated Absences	43,610
Due to Other Governments	14,648
Net OPEB Liability	343,765
Net Pension Liability	11,375,320
Deferred Inflows	<u>(8,633,959)</u>
<i>Net Cash Provided (Used) for Operating Activities</i>	<u>\$ 18,415,801</u>
Reconciliation of cash and investments reported on the Statement of Net Position to cash and cash equivalents reported on the Statement of Cash Flows:	
Statement of Net Position cash and cash equivalents and investments	\$ 129,330,539
Investments included in balances above that are not cash equivalents	<u>(122,024,415)</u>
Cash and Cash equivalents reported on Statement of Cash Flows	<u>\$ 7,306,124</u>

Noncash Capital Financing Activities:

During 2023, \$503,816 of capital assets were acquired on leases.
During 2023, \$678,500 of capital assets were acquired through a capital contribution.
At December 31, 2023, the Conservancy District purchased \$549,760 in capital assets on account.
At December 31, 2022, the Conservancy District purchased \$45,204 in capital assets on account.

See accompanying notes to the basic financial statements

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF ENTITY

The Muskingum Watershed Conservancy District was created as a separate political subdivision by the Ohio Legislature in 1933. The Muskingum Watershed Conservancy District (the "Conservancy District") was created in accordance with Chapter 6101 of the Ohio Revised Code which is concerned with the formation and governing of conservancy districts. The Conservancy District operates under an elected conservancy court consisting of eighteen court of common pleas judges, with one judge serving on the court from each county. Muskingum Watershed Conservancy District had a five-member Board of Directors in 2023 appointed by the court. All other officers and employees are hired in accordance with the provisions of Chapter 6101 of the Ohio Revised Code. The Conservancy District is a separate governmental entity within the eighteen county area served by the Conservancy District.

2023 Board of Directors:

- | | |
|--------------------------------------|--------------------------|
| • James Gresh –President | Term Expires July 2027 |
| • Ronald Dziedzicki – Vice President | Term Expires June 2025 |
| • Gordon Maupin – Member | Term Expires July 2024 |
| • Jennifer Ponchak - Member | Term Expires July 2028 |
| • Robert Moorehead – Member | Term Expires August 2026 |

2023 Officers:

- Craig Butler – Executive Director/Secretary
- James L. Crandall – Chief Financial Officer/Treasurer

Services provided by the Conservancy District are defined in detail in the Ohio Conservancy District Act and Chapter 6101.04 of the Ohio Revised Code and include among other duties the following:

- (A) Preventing Floods
- (B) Regulating stream channels by changing, widening, and deepening the same
- (C) Providing a water supply for domestic, industrial, and public use
- (D) Providing for the collection and disposal of sewage and other liquid waste
- (E) Regulating the flow of streams and conserving their waters

The Conservancy District manages fourteen reservoirs and receives income from the following operations and other sources:

- (A) Park camping
- (B) Rental of sites for cottages
- (C) Sale of crops
- (D) Sale of timber and pulpwood
- (E) Boat marina rentals and docking
- (F) Assessment
- (G) Oil and Gas royalties
- (H) Water Sales

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF ENTITY (continued)

Subdistricts:

Chippewa Subdistrict, Black Fork Subdistrict, Buffalo Subdistrict, and Duck Creek Subdistrict are blended component units of Muskingum Watershed Conservancy District. Each subdistrict was formed in accordance with Chapter 6101.71 of the Ohio Revised Code; Organization of subdistricts. They were put into action as a result of petitions of the owners of real property within their areas. To date the only active subdistricts are the Chippewa Subdistrict, Black Fork Subdistrict, and the Clear Fork Subdistrict. The current status of the Chippewa Subdistrict is to maintain and upgrade the dams and channels. In May of 2011, with work beginning in 2012, the Conservancy District Board of Directors, at the request of Shelby City officials, re-activated the Black Fork Subdistrict for the purpose of preparing an Official Plan, as required by the Ohio Revised Code, to address flooding within the Black Fork watershed. During 2018, a plan was developed that met the cost/benefit requirements contained in the ORC and significantly reduced the impacts of the 100-year flood, however, Shelby officials requested that the project be halted due to lack of public support and the project is currently suspended. In June of 2014, the Conservancy Court established the Clear Fork Subdistrict based on the request by several municipalities and stakeholders along the Clear Fork, in order to address localized frequent flooding. Based on the analysis and work performed the cost of the strategies exceeded the benefits and the Subdistrict will not move forward. Buffalo Creek Subdistrict, Clear Fork Subdistrict, and Duck Creek Subdistrict are inactive.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The Conservancy District uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Conservancy District operates as a self-supporting governmental enterprise and uses accounting policies applicable to governmental enterprise funds.

B. Measurement Focus

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

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

Budget:

The Conservancy District's annual budget of revenues, expenses, and capital expenditures is prepared under the cash basis of accounting. The budget is adopted by resolution of the Board of Directors. The Conservancy District utilizes such budget and related budgetary accounting to ensure that: (1) service objectives are attained, (2) expenditures are properly controlled; and (3) adequate resources will be available to finance current operations and meet capital outlay requirements.

Because the Conservancy District's revenues and expenses may fluctuate, a flexible-rather than fixed-dollar budget is utilized to permit budgetary revision. Actual results of operations are compared to the final revised budget of the Conservancy District for the year.

Appropriations:

The annual appropriation measure is passed on or before the last meeting of the year in December, for the period January 1 to December 31 of the following year. The appropriation measure may be amended or supplemented by the board. The total amount appropriated from any fund for any year shall not exceed the sum of the unencumbered balance in the fund at the beginning of the year and the amounts to be received during such year from bonds authorized, and special assessments imposed prior to their appropriation, together with all other moneys estimated to be received by the fund during the year. At the close of each calendar year, all unencumbered balance of appropriations shall revert to the funds from which they were made and shall be subject to re-appropriation.

Encumbrances:

The Conservancy District is required to use the encumbrance method of accounting by virtue of Ohio Law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of the calendar year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

D. Property Assets/Depreciation

Capital Assets are defined by the Conservancy District as assets with an initial, individual cost of more than \$5,000. The capitalization threshold for building improvements is \$10,000 and for infrastructure and land improvements is \$25,000.

Property, plant and equipment acquired by the Conservancy District are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Donated capital assets are recorded at their acquisition value as of the date received.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All reported capital assets are required to be depreciated except for land, construction in progress, and capitalized development costs. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 - 25 Years
Buildings	30 - 50 Years
Building Improvements	10 - 20 Years
Furniture, Fixtures and Equipment	3 - 15 Years
Vehicles	3 - 5 Years
Infrastructure	20 - 50 Years
Land	N/A
Construction in Progress	N/A
Capitalized Development Costs	N/A

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

E. 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 employer will compensate the employees for the benefits through paid time off or some other means. The Conservancy District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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

F. Pensions/Other Postemployment Benefits (OPEB)

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

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Restricted for maintenance assessment represents the net position of the maintenance assessment fund, which are restricted by the official plan as to how it can be used.

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

H. Revenue & Expenses

Operating revenues consist primarily of fees for services, rents and charges for use of Conservancy District facilities, oil and gas royalties, and other income. Operating expenses include the cost of providing these services, including administrative expenses and depreciation on capital assets.

Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues include intergovernmental grants, interest from investments, capital contributions, and maintenance assessment. Non-operating expenses include interest expense on long-term debt.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. The Conservancy District has deferred outflows related to pension and OPEB. See notes 8 and 9 for additional information.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Conservancy District has deferred inflows related to leases, pension, and OPEB. See notes 5, 8, and 9 for additional information.

J. 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 Directors and that are either unusual in nature or infrequent in occurrence. During 2023, the Conservancy District had no extraordinary or special items.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Implementation of New Accounting Policies

For the year ended December 31, 2023, the Conservancy District has implemented GASB Statement No. 93, paragraphs 13 and 14, Replacement of Interbank Offered Rates, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Available Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and certain provisions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the Conservancy District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Conservancy District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the Conservancy District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the Conservancy District.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Cash and Investments

To improve cash management, all cash received by the district is pooled except for funds received in the maintenance assessment fund. Individual fund integrity is maintained through the Conservancy District records. For financial statement purposes, this is presented as Equity in Pooled Cash and Investments.

During 2023, the Conservancy District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The Conservancy District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

M. Statement of Cash Flows

For the purposes of the statement of cash flows, cash and cash equivalents are defined as cash and any investment with an original maturity of 3 months or less. As of December 31, 2023, none of the Conservancy District's investments qualified as a cash equivalent.

N. Advances

The Conservancy District records unearned revenue when it has received moneys prior to having earned the revenue, or before all grant requirements have been met (other than time). At December 31, 2023 unearned revenue consisted of \$1,165,329 of moneys received in advance for reservations in our parks and marinas for 2024.

O. Reserve Account Balances

As part of the Conservancy District's strategic plan, there was an initiative to optimize fiscal balance. Therefore, in 2017, the Board of Directors approved a Deep Shale Royalty Revenue distribution plan which was renewed in 2023 and called for the creation of two reserve funds. One operational reserve fund which has a balance of approx. \$21.9 million, and a capital reserve fund which has a balance of approx. \$19.3 million as of December 31, 2023.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Conservancy District into three categories:

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Conservancy 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 Conservancy District 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 or by savings or deposit accounts including passbook accounts.

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Bonds and other obligations of the State of Ohio;
4. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
5. The State Treasurer's investment pool (STAROhio and Star Plus).

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

6. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred and seventy days in an amount not to exceed 40 percent of the interim moneys available for investment at any time, provided no more than 5% of interim deposits available for investment are invested in any one issuer.

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

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

Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Conservancy District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2023, \$3,324,774 of the Conservancy District's total bank balance of \$9,765,389 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. The Conservancy District's financial institutions participate in the Ohio Pooled Collateral System (OPCS) and two institutions were approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The Conservancy District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be insured or be protected by: Eligible securities specifically pledged to the Conservancy District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the local market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Cash on Hand

As of December 31, 2023, the Conservancy District had \$12,900 of cash on hand.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2023, the Conservancy District had the following investments and maturities:

Investment Type	Measurement Value	Investment Maturities			
		6 Months or Less	7 to 12 Months	13 to 24 Months	More than 24 Months
Federal Home Loan Mortgage Corporation	\$ 14,309,081	\$ 1,561,540	\$ -	\$ 4,683,538	\$ 8,064,003
Federal National Mortgage Association	5,588,896	-	479,100	3,378,261	1,731,535
Federal Home Loan Bank	30,594,508	5,816,167	3,792,653	9,054,783	11,930,905
Federal Farm Credit Bank	15,058,512	3,266,036	1,595,717	3,413,917	6,782,842
Farmer Mac	998,833	-	-	-	998,833
Municipal Bonds	12,313,153	3,614,531	3,450,922	1,244,830	4,002,870
Money Market	1,437,665	1,437,665	-	-	-
Treasury Bonds	21,579,505	5,157,047	5,044,312	4,611,177	6,766,969
Negotiable CDs	10,629,847	1,712,695	1,152,854	4,588,092	3,176,206
STAR Ohio	2,873,996	2,873,996	-	-	-
Commercial Paper	6,640,419	980,603	5,659,816	-	-
	<u>\$ 122,024,415</u>	<u>\$ 26,420,280</u>	<u>\$ 21,175,374</u>	<u>\$ 30,974,598</u>	<u>\$ 43,454,163</u>

The Conservancy District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Conservancy District's recurring fair value measurements as of December 31, 2023. All investments of the Conservancy District are valued using quoted market prices (Level 2 inputs).

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

Credit Risk: The FHLMC, FNMA, FHLB, FFCB, and Treasuries all have Aaa or AA+ ratings from Moody's and S&P respectively. Nearly all of the securities carry the Aaa rating, which is the highest on the respective scales from Moody's. The Commercial paper is rated A-1, which is the highest rating on the scale for short term debt. Most of the municipal bond, and the money market funds are not rated by Moody's. The CDs are not rated by Moody's but are covered under the issuing bank FDIC. The weighted average maturity of the portfolio held by STAR Ohio as of December 31, 2023, is 39 days and carries a rating of AAAM by S&P Global ratings.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Conservancy District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS (continued)

Conservancy District has no investment policy dealing with investment custodial risk beyond the requirement in the State statute that prohibits payment for the investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Conservancy District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type as of December 31, 2023.

Investment Type	Measurement Value	Percent of Total
Federal Home Loan Mortgage Corporation	14,309,081	12%
Federal National Mortgage Association	5,588,896	5%
Federal Home Loan Bank	30,594,508	25%
Federal Farm Credit Bank	15,058,512	12%
Farmer Mac	998,833	1%
Municipal Bonds	12,313,153	10%
Money Market	1,437,665	1%
Treasury Bonds	21,579,505	18%
Negotiable CDs	10,629,847	9%
STAR Ohio	2,873,996	2%
Commercial Paper	6,640,419	5%
	\$ 122,024,415	100%

The following is the net increase in the fair value of investments during for year ending December 31, 2023.

Fair Value of Investments December 31, 2023	\$ 122,024,415
Add: Proceeds of Investments sold in 2023	38,542,866
Less: Cost of Investments purchased in 2023	(57,017,174)
Less: Fair Value of Investments December 31, 2022	(100,913,095)
Change in fair value of Investments	\$ 2,637,012

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 4: RECEIVABLES

Receivables at December 31, 2023 consisted of accounts (billed user charged services), leases accrued interest and delinquent maintenance assessments.

During 2022, the Conservancy District entered into an agreement with Encino energy which included a bonus payment which will be paid over five years. The amount due during 2024 is included as a current receivable, while the remainder is included as a long-term receivable.

All receivables are deemed collectible in full.

NOTE 5: LEASE RECEIVABLE

The Conservancy District entered into over a thousand lease agreements as the lessor providing the right-to-use land for residents to build homes within the boundaries of the Conservancy District, including Atwood Lake, Leesville Lake, Piedmont Reservoir, Pleasant Hill Lake, Charles Mill Lake, and Seneca Lake. These leases typically range from 15 to 30 years like a fixed mortgage. The incremental borrowing rate ranged from 0.4% to 4.5%. As of December 31, 2023, the value of the lease receivable is \$78,041,239. The lessees are required to make monthly fixed payments. The Conservancy District recognized lease revenue of \$3,159,776.

The future minimum expected revenues until maturity are as follows:

Year Ending	Principal	Interest	Total
2024	\$ 1,431,575	\$ 1,667,504	\$ 3,099,079
2025	1,533,476	1,645,872	3,179,348
2026	1,632,585	1,622,120	3,254,705
2027	1,747,211	1,596,240	3,343,451
2028	1,868,822	1,568,084	3,436,906
2029-2033	10,684,231	7,334,580	18,018,811
2034-2038	10,858,484	6,348,220	17,206,704
2039-2043	11,794,216	5,228,511	17,022,727
2044-2048	13,499,163	3,870,144	17,369,307
2049-2053	11,731,540	2,301,993	14,033,533
2054-2058	8,164,143	1,091,431	9,255,574
2059-2063	3,095,793	227,010	3,322,803
Total	<u>\$ 78,041,239</u>	<u>\$ 34,501,709</u>	<u>\$ 112,542,948</u>

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 6: CAPITAL ASSETS

Proprietary capital assets – summary by category at December 31, 2023:

	12/31/2022	Adds	Deletions	12/31/2023
Capital Assets Not Being Depreciated/Amortized				
Land	\$ 12,273,475	\$ 2,830,975	\$ -	\$ 15,104,450
CIP	2,915,106	9,546,793	(5,799,275)	6,662,624
Capitalized Development Costs	1,189,495	-	-	1,189,495
	<u>16,378,076</u>	<u>12,377,768</u>	<u>(5,799,275)</u>	<u>22,956,569</u>
Capital Assets Being Depreciated/Amortized				
Land Improvements	89,959,085	2,589,399	-	92,548,484
Buildings	47,510,628	1,117,596	-	48,628,224
Building Improvements	5,917,491	24,091	-	5,941,582
FFE	11,735,180	713,796	(66,394)	12,382,582
Intangible Right-to-Use FFE	40,992	-	-	40,992
Vehicle	2,019,582	-	(214,355)	1,805,227
Intangible Right-to-Use Vehicles	486,530	522,160	(31,637)	977,053
Infrastructure	69,835,859	2,498,608	-	72,334,467
	<u>227,505,347</u>	<u>7,465,650</u>	<u>(312,386)</u>	<u>234,658,611</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	(16,307,238)	(4,239,728)	-	(20,546,966)
Buildings	(8,969,905)	(1,049,175)	-	(10,019,080)
Building Improvements	(2,140,554)	(249,741)	66,394	(2,323,901)
FFE	(9,427,183)	(1,007,013)	-	(10,434,196)
Intangible Right-to-Use FFE	(12,298)	(8,198)	-	(20,496)
Vehicle	(1,949,555)	(27,144)	214,355	(1,762,344)
Intangible Right-to-Use Vehicle	(287,868)	(120,652)	31,637	(376,883)
Infrastructure	(16,749,824)	(3,409,182)	-	(20,159,006)
	<u>(55,844,425)</u>	<u>(10,110,833)</u>	<u>312,386</u>	<u>(65,642,872)</u>
Total Capital Assets being depreciated/amortized, net	<u>171,660,922</u>	<u>(2,645,183)</u>	<u>-</u>	<u>169,015,739</u>
Capital Assets, net	<u>\$ 188,038,998</u>	<u>\$ 9,732,585</u>	<u>\$ (5,799,275)</u>	<u>\$ 191,972,308</u>

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 7: RISK MANAGEMENT

A. Comprehensive Liability Insurance

The Conservancy District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. OPRM has developed specific forms and endorsements of property and casualty coverage and substantially reinsures these coverages. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 773 members as of December 31, 2022.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There has been no significant reductions in coverage from the prior year.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022 (the latest information available).

	<u>2022</u>
Assets	\$21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 7: RISK MANAGEMENT (continued)

B. Self-insurance

Muskingum Watershed Conservancy District has a self-funded health insurance plan administered by third party administrator Aultcare. The plan year runs January 1, 2023 through December 31, 2023. The Conservancy District has two plan options, the traditional (Plan A) and a High Deductible HSA (Plan B).

The monthly premiums for 2023 for the traditional plan (Plan A) for a single employee are \$844.30, \$1,773.02 for an employee plus 1, and for the family of an employee is \$2,743.97. The monthly premium for Plan B for a single employee is \$735.62, \$1,544.81 for an employee plus one, and for the family of an employee is \$2,390.79. For employees who chose Plan B, the Conservancy District also makes a contribution to the employee’s HSA account, paid out quarterly, totaling \$1,020 for a single employee, \$1,200 for an employee plus one, and \$2,000 for the family of an employee.

The overall stop loss for the plan year 2023 is \$2,161,098.

The specific stop loss per occurrence was \$65,000 for plan year 2023. There were three instances with a special specific deductible in the amount of \$525,000, \$95,000 and \$85,000. There were four claims exceeding the limit for plan year 2023. When the Conservancy District pays claims or reimburses employees for medical bills in excess of the limits they are reimbursed by Aultcare Insurance Company.

The claims liability of \$286,000 at December 31, 2023, 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. Changes in claims liability for 2023 and 2022 are as follows:

	<u>Balance</u> <u>Beginning of Year</u>	<u>Current</u> <u>Year Claims</u>	<u>Claims</u> <u>Payments</u>	<u>Balance</u> <u>End of Year</u>
2022	\$ 209,000	\$ 2,032,086	\$ 1,961,086	\$ 280,000
2023	\$ 280,000	\$ 1,995,892	\$ 1,989,892	\$ 286,000

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions – between an employer and its employees — of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability (asset)*. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in due to other governments.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Conservancy District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2023 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2023 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Conservancy District's contractually required contribution was \$1,203,083 for 2023. Of this amount, \$153,197 is reported as a due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Conservancy District's proportion of the net pension liability was based on the Conservancy District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Period	0.053821%
Prior Measurement Period	0.051991%
Change in Proportion	0.001830%
Proportionate Share of the Net	
Pension Liability	\$ 15,898,747
Pension Expense	\$ 2,241,138

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2023, the Conservancy District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	\$ 4,531,642
Differences between Expected and	
Actual Experience	528,089
Changes of Assumptions	167,959
Changes in Proportionate Share and	
Differences in Contributions	193,232
 Conservancy District Contributions Subsequent	
to the Measurement Date	1,203,083
Total Deferred Outflows of Resources	\$ 6,624,005
 Deferred Inflows of Resources	
Changes in Proportionate Share and	
Differences in Contributions	\$ 67,046
Total Deferred Inflows of Resources	\$ 67,046

\$1,203,083 reported as deferred outflows of resources related to pension resulting from Conservancy District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2024	\$ 679,049
2025	1,121,029
2026	1,333,885
2027	2,219,913
Total	\$ 5,353,876

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.10 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the Conservancy District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Conservancy District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the Conservancy District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Conservancy District's Proportionate Share of the Net Pension Liability	\$ 23,815,793	\$ 15,898,747	\$ 9,313,186

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 8 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care. Medicare-enrolled retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Muskingum Watershed Conservancy District
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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Conservancy District's contractually required contribution was \$0 for 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Conservancy District's proportion of the net OPEB liability was based on the Conservancy District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.054521%
Prior Measurement Period	0.052329%
Change in Proportion	0.002192%
Proportionate Share of the Net	
OPEB Liability	\$ 343,765
OPEB Expense	\$ (638,429)

At December 31, 2023, the Conservancy District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on OPEB Plan Investments	\$ 682,728
Changes of Assumptions	335,764
Changes in Proportionate Share and Differences in Contributions	1,404
Total Deferred Outflows of Resources	\$ 1,019,896
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 85,750
Changes of Assumptions	27,627
Changes in Proportionate Share and Differences in Contributions	7,282
Total Deferred Inflows of Resources	\$ 120,659

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS
2024	\$ 106,314
2025	250,209
2026	212,899
2027	329,815
Total	\$ 899,237

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2022	December 31, 2021
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent	2.75 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent, initial	5.50 percent, initial
	3.50 percent, ultimate in 2036	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Conservancy District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Conservancy District's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the Conservancy District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Conservancy District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,170,021	\$ 343,765	\$ (338,030)

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9 - DEFINED BENEFIT OPEB PLANS (continued)

Sensitivity of the Conservancy District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Conservancy District's Proportionate Share of the Net OPEB Liability	\$ 322,219	\$ 343,765	\$ 368,017

NOTE 10: LEGAL PROCEEDINGS

The Conservancy District is involved in litigation in the normal course of business. Although the eventual outcome of these matters cannot be predicted, it is the opinion of management that the ultimate liability is not expected to have a material effect on the Conservancy District's financial position.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 11: LONG-TERM OBLIGATIONS

The changes in the Conservancy District's long-term obligations during the fiscal year 2023 were as follows:

	Principal Outstanding 12/31/2022	Additions	Reductions	Principal Outstanding 12/31/2023	Amount Due in One Year
Long Term Obligations:					
Direct Placement:					
OWDA #2162 5.56%	\$ 58,284	\$ -	\$ (38,320)	\$ 19,964	\$ 19,964
OWDA #5413 0%	66,112	-	(9,444)	56,668	9,444
OWDA#5575 3.25%	285,693	-	(34,222)	251,471	35,342
OWDA #5558 3.25%	12,780	-	(1,654)	11,126	1,708
OWDA #9887	-	50,000	(50,000)	-	-
OWDA #9886	-	50,000	(50,000)	-	-
OWDA #9885	-	50,000	(50,000)	-	-
OWDA #9884	-	50,000	(50,000)	-	-
<i>Total</i>	422,869	200,000	(283,640)	339,229	66,458
Other Long Term Obligations:					
Leases	174,306	522,160	(112,874)	583,592	124,325
Net Pension Liability - See note 8	4,523,427	11,375,320	-	15,898,747	-
Net OPEB Liability - See note 9	-	343,765	-	343,765	-
Compensated Absences	1,244,000	104,008	(60,398)	1,287,610	116,950
Total other long-term obligations	5,941,733	12,345,253	(173,272)	18,113,714	241,275
<i>Total Long-Term Liabilities</i>	\$ 6,364,602	\$ 12,545,253	\$ (456,912)	\$ 18,452,943	\$ 307,733

Ohio Water Development Authority Loans

In 1999, the Conservancy District was awarded a loan (#2162) from the Ohio Water Development Authority (OWDA) in the amount of \$550,692. The proceeds of this loan are for the construction of a 75,000 and 10,000 gallon water tank. Also, a 3,807 linear feet of 6" water line and 3,676 linear feet of 4" water line are being constructed with these proceeds. All construction is at Tappan Lake Park. This loan agreement has a interest rate of 5.56 percent and matures July 1, 2024. Principal and interest payments are due January 1 and July 1, annually.

In 2009 the Conservancy District was awarded a loan (#5413) from OWDA in the amount of \$188,884. The proceeds of this loan were used for painting of a water tower. The loan is interest-free and matures on January 1, 2030.

In 2010, the Conservancy District was awarded a loan (#5575) from OWDA in the amount of \$637,001 for improvements to the Sites Lake Cottage Area wastewater treatment plant. The loan has an interest rate of 3.25 percent and matures on July 1, 2030.

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 11: LONG-TERM OBLIGATIONS (continued)

The Conservancy District was awarded a \$30,065 loan from OWDA (#5558) in 2010 for an abandoned water well capping project. The loan has an interest rate of 3.25 percent and matures on January 1, 2030.

The Conservancy District was awarded four loans in 2023 from OWDA (#9884, 9885, 9886, and 9887). Loan 9884 was for a backup generator at our Charles Mill lift station within the campground, 9885 was for a backup generator at Charles Mill Sites Lake lift station, 9886 was for a backup generator at Pleasant Hill Park lift station within the park, and 9887 was for a backup generator at Seneca Marina Point campground lift station. The full amount awarded for all loans had principal forgiveness in 2023.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the Conservancy District to pay any fines or penalties with accrued interest. The Conservancy District loans with OWDA are not collateralized.

The Conservancy District has outstanding agreements to lease vehicles and equipment. Due to the implementation of GASB Statement 87, these leases plus existing prior year capital leases have met the criteria of leases thus requiring them to be recorded by the Conservancy District. The future lease payments were discounted based on the interest rate implicit in the lease or using the Conservancy District's incremental borrowing rate, which ranged from 0.03% to 4.96%. This discount is being amortized using the interest rate method over the life of the lease.

A summary of the principal and interest amounts for the remaining debt and leases is as follows:

Year Ending December 31,	OWDA		Leases	
	Principal	Interest	Principal	Interest
2024	\$ 66,458	\$ 8,027	\$ 124,325	\$ 97,947
2025	47,709	6,495	118,208	78,316
2026	48,963	5,325	121,525	56,105
2027	50,258	4,101	133,637	32,111
2028	51,595	2,895	85,897	6,607
2029 - 2023	74,246	1,939	0	0
Total	339,229	28,782	\$ 583,592	\$ 271,086

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

NOTE 12: MINERAL RIGHTS AND ROYALTIES

On June 17, 2011, the Conservancy District entered into an agreement with Gulfport Energy Corporation containing approximately 6,468 acres of land at Clendening Lake. A few months later on February 24, 2012 another agreement was signed covering an additional forty-two acres (42.00 acres) of “mineral” rights that were discovered through title. The total agreement currently includes several producing wells paying royalties at rates of sixteen percent (16%) and eighteen percent (18%) with additional yearly delay payments for non-producing acreage.

On May 7, 2012, the Conservancy District entered into an agreement with Chesapeake Exploration, L.L.C. containing 3,700 acres at Leesville Lake. This agreement currently includes several producing wells paying royalties at a rate of twenty percent (20%).

On October 19, 2012, the Conservancy District entered into an agreement with Gulfport Energy for an initial term of 5 years covering 1.3 acres of land at the north end of the Piedmont Reservoir. Two wells have been drilled to date under the terms of this agreement that are currently paying monthly royalties at a rate of twenty percent (20%).

On February 21, 2013, the Conservancy District entered into an agreement with Antero Resources for an initial term of 5 years covering approximately 2,900 acres. Several producing wells were drilled under this agreement and are currently paying monthly royalties at a rate of twenty percent (20%).

On April 22, 2014, the Conservancy District entered into an agreement with Antero Resources for an initial term of 5 years covering 6,300 acres of land at Piedmont Reservoir. One well has been drilled under this agreement and has since been plugged and abandoned. 933 acres of the original agreement will be held until released by Antero.

On April 1, 2018, the Conservancy District entered into an agreement with Antero Resources at Seneca Lake for an initial term of 3 years with the option to extend an additional one-year term thereafter. On May 1, 2021, Antero exercised its option to extend this agreement one additional year. This agreement covers approximately 1,700 acres of land at Seneca Lake.

On June 10, 2022, the Conservancy District entered into an agreement with Encino Energy covering 7,400 acres of land at Tappan Lake. This agreement has an initial term of five years with an option to extend an additional three years. Future royalties will be paid at a rate of twenty percent (20%).

On September 1, 2022, the Conservancy District entered into an agreement with Encino Energy covering 9.949 acres of land at Leesville Lake. This agreement has an initial term of two years. Future royalties will be paid at a rate of twenty percent (20%).

On October 2, 2023, the Conservancy District entered into an agreement with Encino Energy covering 153.83 acres of land at Leesville Lake. This agreement has an initial term of two years. Future royalties will be paid at a rate of twenty percent (20%).

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 13: CONTRACTUAL COMMITMENTS

As of December 31, 2023, the Conservancy District had contractual commitments for the following projects:

Project	Contractual Commitments	Expended	Balance 12/31/2023
Atwood Activity Center Renovation	\$ 1,551,600	\$ 873,186	\$ 678,414
Clendening Marina Waste Water Treatment Plant	\$ 2,224,417	\$ 1,635,337	\$ 589,079
Leesville North Fork Marina Waste Water Treatment Plan	\$ 2,749,953	0	\$ 2,749,953
Seneca Park Beach and Marina Point Amenities	\$ 1,815,296	\$ 59,018	\$ 1,756,278
Tappan Park Welcome Center	\$ 3,617,700	\$ 890,168	\$ 2,727,532

NOTE 14: SUBSEQUENT EVENTS

At the March 22, 2024 meeting, the Board of Directors approved entering into EPC contracts for the construction of solar projects throughout the Conservancy District in an amount not to exceed \$2,532,417.

At the March 22, 2024 meeting, the Board of Directors approved entering into a design contract for architectural services for a new headquarters for the Conservancy District with a cost of \$1,242,070.

NOTE 15: BLENDED COMPONENT UNITS

Black Fork, Buffalo Creek, Chippewa and Duck Creek Subdivisions are blended component units under criteria of GASB Statement 61. The following represents combining financial statements for the year ended 2023.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15: BLENDED COMPONENT UNITS (continued)

COMBINING STATEMENT OF NET POSITION

	Muskingum Watershed Conservancy District	Subdistricts			Eliminating Entries	Total	
		Black Fork	Buffalo Creek	Chippewa			Duck Creek
Assets							
<i>Current Assets:</i>							
Equity in Pooled Cash and Investments	\$ 128,714,557	\$ 0	\$ 0	\$ 607,605	\$ 8,377	\$ 0	\$ 129,330,539
Accrued Interest	834,393	0	0	0	0	0	834,393
Accounts Receivable	8,342,893	0	0	0	0	(38,647)	8,304,246
Intergovernmental Receivable	1,841,191	0	0	0	0	0	1,841,191
Lease Receivable	1,431,575	0	0	0	0	0	1,431,575
Prepays	46,186	0	0	0	0	0	46,186
Maintenance Assessments Receivable	993,794	0	0	13,720	0	0	1,007,514
<i>Total Current Assets</i>	<u>142,204,589</u>	<u>0</u>	<u>0</u>	<u>621,325</u>	<u>8,377</u>	<u>(38,647)</u>	<u>142,795,644</u>
<i>Non-Current Assets:</i>							
Lease Receivable - Long Term	76,609,664	0	0	0	0	0	76,609,664
Accounts Receivable - Long Term	20,321,598	0	0	0	0	0	20,321,598
Non-Depreciable Capital Assets	21,755,173	1,822	27,593	1,166,581	5,400	0	22,956,569
Depreciable Capital Assets, Net	168,969,415	0	0	46,324	0	0	169,015,739
<i>Total Non-Current Assets</i>	<u>287,655,850</u>	<u>1,822</u>	<u>27,593</u>	<u>1,212,905</u>	<u>5,400</u>	<u>0</u>	<u>288,903,570</u>
<i>Total Assets</i>	<u>429,860,439</u>	<u>1,822</u>	<u>27,593</u>	<u>1,834,230</u>	<u>13,777</u>	<u>(38,647)</u>	<u>431,699,214</u>
Deferred Outflows of Resources							
OPEB	1,019,896	0	0	0	0	0	1,019,896
Pension	6,624,005	0	0	0	0	0	6,624,005
<i>Total Deferred Outflows of Resources</i>	<u>7,643,901</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,643,901</u>
Liabilities							
<i>Current Liabilities:</i>							
Accounts Payable	496,273	1,822	27,593	24,534	6,037	(38,647)	517,612
Contracts Payable	397,475	0	0	0	0	0	397,475
Retainage Payable	152,335	0	0	0	0	0	152,335
Performance Bond Payable	113,312	0	0	0	0	0	113,312
Due to Other Governments	146,532	0	0	0	0	0	146,532
Accrued Wages and Benefits	186,930	0	0	0	0	0	186,930
Accrued Interest Payable	100	0	0	0	0	0	100
Accrued Life Insurance	21,919	0	0	0	0	0	21,919
Claims Payable	286,000	0	0	0	0	0	286,000
Advances	1,165,329	0	0	0	0	0	1,165,329
Compensated Absences	116,950	0	0	0	0	0	116,950
Leases Payable	121,955	0	0	2,370	0	0	124,325
OWDA Loans Payable	66,458	0	0	0	0	0	66,458
<i>Total Current Liabilities</i>	<u>3,271,568</u>	<u>1,822</u>	<u>27,593</u>	<u>26,904</u>	<u>6,037</u>	<u>(38,647)</u>	<u>3,295,277</u>
<i>Long-Term Liabilities:</i>							
Compensated Absences - net of current portion	1,170,660	0	0	0	0	0	1,170,660
Leases Payable - net of current portion	445,274	0	0	13,993	0	0	459,267
OWDA Loans Payable - net of current portion	272,771	0	0	0	0	0	272,771
Net OPEB Liability	343,765	0	0	0	0	0	343,765
Net Pension Liability	15,898,747	0	0	0	0	0	15,898,747
<i>Total Long-Term Liabilities</i>	<u>18,131,217</u>	<u>0</u>	<u>0</u>	<u>13,993</u>	<u>0</u>	<u>0</u>	<u>18,145,210</u>
<i>Total Liabilities</i>	<u>21,402,785</u>	<u>1,822</u>	<u>27,593</u>	<u>40,897</u>	<u>6,037</u>	<u>(38,647)</u>	<u>21,440,487</u>
Deferred Inflows of Resources							
OPEB	120,659	0	0	0	0	0	120,659
Pension	67,046	0	0	0	0	0	67,046
Leases	75,786,786	0	0	0	0	0	75,786,786
<i>Total Deferred Inflows of Resources</i>	<u>75,974,491</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,974,491</u>
Net Position							
Net Investment in Capital Assets	189,336,113	1,822	27,593	1,196,542	5,400	0	190,567,470
Restricted for Maintenance Assessment	14,243,532	0	0	596,791	0	0	14,840,323
Unrestricted	136,547,419	(1,822)	(27,593)	0	2,340	0	136,520,344
<i>Total Net Position</i>	<u>\$ 340,127,064</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,793,333</u>	<u>\$ 7,740</u>	<u>\$ 0</u>	<u>\$ 341,928,137</u>

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15: BLENDED COMPONENT UNITS (continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Muskingum Watershed Conservancy District	Subdistricts			Eliminating Entries	Total
		Black Fork	Buffalo Creek	Chippewa		
Operating Revenues						
Water Sales	\$ 707,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 707,083
Water and sewer systems	103,513	0	0	0	0	103,513
Timber Sales	586,910	0	0	0	0	586,910
Pine/Pulpwood Sales	212,078	0	0	0	0	212,078
Mineral rights and royalties	21,636,495	0	0	0	0	21,636,495
Share Crop	178,039	0	0	0	0	178,039
Cottage Sites Lease (Lease Revenue)	3,538,289	0	0	0	0	3,538,289
Marina operations	2,946,883	0	0	0	0	2,946,883
Marina camping	563,454	0	0	0	0	563,454
Fishing rights	62,647	0	0	0	0	62,647
Beach facilities	210,325	0	0	0	0	210,325
Vacation cabin	873,024	0	0	0	0	873,024
Park camping	9,786,675	0	0	0	0	9,786,675
Parks - Special Events	284,488	0	0	0	0	284,488
Admissions - park facilities	215,884	0	0	0	0	215,884
Miscellaneous income	239,603	0	0	0	0	239,603
<i>Total Operating Revenues</i>	<u>42,145,390</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,145,390</u>
Operating Expenses						
Water Quality	549,560	0	0	0	0	549,560
Vehicles and equipment	736,471	0	0	0	0	736,471
Dam safety/upgrades	16,113	0	0	336,640	0	352,753
Boundary survey	101,451	0	0	0	0	101,451
Conservation	5,198,650	0	0	0	0	5,198,650
Reservoir Maintenance	57,670	0	0	0	0	57,670
Information Systems/Technology	818,268	0	0	0	0	818,268
Shoreline Protection	105,579	0	0	0	0	105,579
Share crop	27,846	0	0	0	0	27,846
Mineral operation	339,099	0	0	0	0	339,099
Watershed management	495,606	0	0	0	0	495,606
Beach facilities	118,903	0	0	0	0	118,903
Office building	214,977	0	0	0	0	214,977
Administrative and finance	2,571,419	0	0	0	0	2,571,419
Engineering	769,858	0	0	0	0	769,858
Planning and development	161,951	0	0	0	0	161,951
GIS and Parcel Development	24,326	0	0	0	0	24,326
Forestry maintenance	189,766	0	0	0	0	189,766
Park camping	3,309,593	0	0	0	0	3,309,593
Park Master Planning	639,443	0	0	0	0	639,443
Cottage sites and clubs	1,562,267	0	0	0	0	1,562,267
General park facilities	4,495,157	0	0	0	0	4,495,157
Vacation cabin	358,591	0	0	0	0	358,591
Marina operation	2,130,643	0	0	0	0	2,130,643

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15: BLENDED COMPONENT UNITS (continued)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Muskingum Watershed Conservancy District	Subdistricts			Eliminating Entries	Total
		Black Fork	Buffalo Creek	Chippewa		
						(Continued)
Water and sewer system	\$ 644,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 644,410
Lake patrol operation	1,279,453	0	0	0	0	1,279,453
Education and public information	354,771	0	0	0	0	354,771
Safety expenses	278,466	0	0	0	0	278,466
Recreation maintenance	74,206	0	0	0	0	74,206
Parks - special events	249,293	0	0	0	0	249,293
Trails	240,461	0	0	0	0	240,461
Partners in Watershed Management (PWM)	1,279,412	0	0	0	0	1,279,412
Sediment Removal	39,771	0	0	0	0	39,771
Depreciation/Amortization	10,081,943	0	0	28,891	0	10,110,834
<i>Total Operating Expenses</i>	<u>39,515,393</u>	<u>0</u>	<u>0</u>	<u>365,531</u>	<u>0</u>	<u>39,880,924</u>
<i>Operating Gain (Loss)</i>	2,629,997	0	0	(365,531)	0	2,264,466
Non-Operating Revenues (Expenses)						
Capital Contributions	678,500	0	0	0	0	678,500
Maintenance assessments	5,680,427	0	0	341,577	0	6,022,004
Grants	4,027,405	0	0	0	0	4,027,405
Interest on investments	5,500,567	0	0	0	0	5,500,567
Lease Interest Income	1,521,472	0	0	0	0	1,521,472
Debt retirement - Interest	(64,408)	0	0	(2,372)	0	(66,780)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>17,343,963</u>	<u>0</u>	<u>0</u>	<u>339,205</u>	<u>0</u>	<u>17,683,168</u>
<i>Change in Net Position</i>	19,973,960	0	0	(26,326)	0	19,947,634
Net Position - Beginning of Year	<u>320,153,104</u>	<u>0</u>	<u>0</u>	<u>1,819,659</u>	<u>7,740</u>	<u>321,980,503</u>
Net Position - End of Year	<u>\$ 340,127,064</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,793,333</u>	<u>\$ 7,740</u>	<u>\$ 341,928,137</u>

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15: BLENDED COMPONENT UNITS (continued)

COMBINING STATEMENT OF CASH FLOWS

	Muskingum Watershed Conservancy District	Subdistricts				Eliminating Entries	Total
		Black Fork	Buffalo Creek	Chippewa	Duck Creek		
Cash flows from Operating Activities:							
Cash Received from Customers	\$ 49,256,353	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,256,353
Cash Payments to Suppliers for Goods and Services	(18,070,824)	0	0	(218,528)	0	0	(18,289,352)
Cash Payments for Employees Services and Benefits	(12,417,382)	0	0	(133,818)	0	0	(12,551,200)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>18,768,147</u>	<u>0</u>	<u>0</u>	<u>(352,346)</u>	<u>0</u>	<u>0</u>	<u>18,415,801</u>
Cash Flows from Noncapital Financing Activities:							
Principal Payments on OWDA Loans	(11,098)	0	0	0	0	0	(11,098)
Intergovernmental Grants	290,739	0	0	0	0	0	290,739
Maintenance Assessments	4,651,651	0	0	325,395	0	0	4,977,046
Lease Interest Income	1,440,591	0	0	0	0	0	1,440,591
Interest Paid on Debt	(371)	0	0	0	0	0	(371)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>6,371,512</u>	<u>0</u>	<u>0</u>	<u>325,395</u>	<u>0</u>	<u>0</u>	<u>6,696,907</u>
Cash Flows from Capital and Related Financing Activities:							
Acquisition of Capital Assets	(12,326,976)	0	0	(11,900)	0	0	(12,338,876)
Maintenance Assessments	1,004,147	0	0	16,254	0	0	1,020,401
Intergovernmental Grants	1,895,475	0	0	0	0	0	1,895,475
Principal Payments on OWDA Loans	(72,542)	0	0	0	0	0	(72,542)
Principal Payments on Leases	(110,893)	0	0	(1,982)	0	0	(112,875)
Interest Paid on Debt	(64,037)	0	0	(2,372)	0	0	(66,409)
<i>Net Cash Provided by (Used) for Capital and Related Financing Activities</i>	<u>(9,674,826)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(9,674,826)</u>
Cash Flows from Investing Activities:							
Receipts of Interest	2,796,975	0	0	0	0	0	2,796,975
Payments for Purchase of Investments	(57,017,175)	0	0	0	0	0	(57,017,175)
Proceeds from Sale of Investments	38,542,866	0	0	0	0	0	38,542,866
<i>Net Cash Provided by (Used for) Investing Activities</i>	<u>(15,677,334)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,677,334)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(212,501)	0	0	(26,951)	0	0	(239,452)
<i>Cash and Cash Equivalents Beginning of Year</i>	6,902,643	0	0	634,556	8,377	0	7,545,576
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 6,690,142</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 607,605</u>	<u>\$ 8,377</u>	<u>\$ 0</u>	<u>\$ 7,306,124</u>
Reconciliation of Operating Gain (Loss) To Net Cash Used by Operating Activities:							
Operating Gain (Loss)	\$ 2,629,997	\$ 0	\$ 0	\$ (365,531)	\$ 0	\$ 0	\$ 2,264,466
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	10,081,943	0	0	28,891	0	0	10,110,834
(Increase) Decrease in Assets and Deferred Outflows:							
Accounts Receivable	7,071,172	0	0	0	0	0	7,071,172
Lease Receivable	17,817						17,817
Prepays	(3,048)	0	0	0	0	0	(3,048)
Net OPEB Asset	1,639,024	0	0	0	0	0	1,639,024
Deferred Outflows	(5,680,107)	0	0	0	0	0	(5,680,107)
Increase (Decrease) in Liabilities and Deferred Inflows:							
Accounts Payable	(202,367)	0	0	(15,706)	0	0	(218,073)
Performance Bonds payable	31,000	0	0	0	0	0	31,000
Escrow Funds Payable	4,641	0	0	0	0	0	4,641
Advances	21,974	0	0	0	0	0	21,974
Claims Payable	6,000	0	0	0	0	0	6,000
Accrued Wages and Benefits	37	0	0	0	0	0	37
Accrued Life Insurance	6,680	0	0	0	0	0	6,680
Compensated Absences	43,610	0	0	0	0	0	43,610
Due to other governments	14,648	0	0	0	0	0	14,648
Net OPEB Liability	343,765	0	0	0	0	0	343,765
Net Pension Liability	11,375,320	0	0	0	0	0	11,375,320
Deferred Inflows	(8,633,959)	0	0	0	0	0	(8,633,959)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 18,768,147</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (352,346)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,415,801</u>
Reconciliation of cash and investments reported on the Statement of Net Position to cash and cash equivalents reported on the Statement of Cash Flows:							
Statement of Net Position cash and cash equivalents and investments	\$ 128,714,557	\$ 0	\$ 0	\$ 607,605	\$ 8,377	\$ 0	\$ 129,330,539
Investments included in balances above that are not cash equivalents	(122,024,415)	0	0	0	0	0	(122,024,415)
Cash and Cash equivalents reported on Statement of Cash Flows	<u>\$ 6,690,142</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 607,605</u>	<u>\$ 8,377</u>	<u>\$ 0</u>	<u>\$ 7,306,124</u>

Noncash Capital Financing Activities:

During 2023, \$503,816 of capital assets were acquired on leases.
During 2023, \$678,500 of capital assets were acquired through a capital contribution.
At December 31, 2023, the Conservancy District purchased \$549,760 in capital assets on account.
At December 31, 2022, the Conservancy District purchased \$45,204 in capital assets on account.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the Conservancy District's Proportionate Share of the Net Pension Liability
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)										
Conservancy District's Proportion of the Net Pension Liability	0.0538210%	0.0519910%	0.0538800%	0.0545420%	0.0564740%	0.0560926%	0.0578391%	0.0569600%	0.0513470%	0.0513470%
Conservancy District's Proportionate Share of the Net Pension Liability	\$ 15,898,747	\$ 4,523,427	\$ 7,978,455	\$ 10,780,596	\$ 15,467,084	\$ 8,799,841	\$ 13,134,266	\$ 9,869,654	\$ 6,193,022	\$ 6,053,142
Conservancy District's Covered Payroll	\$ 8,022,044	\$ 7,278,365	\$ 7,310,197	\$ 7,382,564	\$ 7,281,401	\$ 7,040,696	\$ 6,398,882	\$ 6,759,620	\$ 6,022,398	\$ 5,379,079
Conservancy District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.19%	62.15%	109.14%	146.03%	212.42%	124.99%	205.26%	146.01%	102.83%	112.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the Conservancy District's Contributions - Pension
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)										
Contractually Required Contribution	\$ 1,203,083	\$ 1,167,546	\$ 1,059,038	\$ 1,062,024	\$ 1,073,949	\$ 1,067,396	\$ 964,697	\$ 811,542	\$ 857,447	\$ 763,117
Contributions in Relation to the Contractually Required Contribution	(1,203,083)	(1,167,546)	(1,059,038)	(1,062,024)	(1,073,949)	(1,067,396)	(964,697)	(811,542)	(857,447)	(763,117)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Conservancy District's Covered Payroll	\$ 8,273,113	\$ 8,022,044	\$ 7,278,365	\$ 7,310,197	\$ 7,382,564	\$ 7,281,401	\$ 7,040,696	\$ 6,398,882	\$ 6,759,620	\$ 6,022,398
Contributions as a Percentage of Covered Payroll	14.54%	14.55%	14.55%	14.53%	14.55%	14.66%	13.70%	12.68%	12.68%	12.67%

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the Conservancy District's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Years (1)

	2023	2022	2021	2020	2019	2018	2017
Ohio Public Employees' Retirement System (OPERS)							
Conservancy District's Proportion of the Net OPEB Liability (Asset)	0.0545210%	0.0523290%	0.0535870%	0.0538120%	0.0560330%	0.0555267%	0.0572980%
Conservancy District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 343,765	\$ (1,639,024)	\$ (954,695)	\$ 7,432,835	\$ 7,305,380	\$ 6,029,787	\$ 5,787,293
Conservancy District's Covered Payroll	\$ 8,022,044	\$ 7,278,365	\$ 7,310,197	\$ 7,382,564	\$ 7,281,401	\$ 7,040,696	\$ 6,398,882
Conservancy District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	4.29%	-22.52%	-13.06%	100.68%	100.33%	85.64%	90.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	77.25%	54.14%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the Conservancy District's Contributions - OPEB
Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Ohio Public Employees' Retirement System (OPERS)								
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 70,407	\$ 131,851
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0	0	(70,407)	(131,851)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Conservancy District's Covered Payroll (2)	\$ 8,273,113	\$ 8,022,044	\$ 7,278,365	\$ 7,310,197	\$ 7,382,564	\$ 7,281,401	\$ 7,040,696	\$ 6,398,882
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.06%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans, therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

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

	<u>2022</u>	<u>2019</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation COLA or Ad Hoc COLA:	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2022	3.00%, simple through 2022, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017 - 2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple 5.50% to 5.00%

Changes in Benefit Terms – OPERS

There were no significant changes in benefit terms.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wage Inflation	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Discount Rate	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

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

Muskingum Watershed Conservancy District
Tuscarawas County
1319 3rd Street NW
New Philadelphia, OH 44663

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Muskingum Watershed Conservancy District (the Conservancy District), Tuscarawas County, Ohio as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Conservancy District's basic financial statements, and have issued our report thereon dated June 10, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
June 10, 2024

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

Muskingum Watershed Conservancy District
1319 3rd Street NW
New Philadelphia, OH 44663

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Muskingum Watershed Conservancy District (the Conservancy District), Tuscarawas County, Ohio compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Conservancy District's major federal programs for the year ended December 31, 2023. The Conservancy District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Conservancy District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
June 10, 2024

**Muskingum Watershed Conservancy District
Tuscarawas County, Ohio**

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
US Department of Homeland Security - US Coast Guard				
<i>Passed through Ohio Department of Natural Resources</i>				
Boating Safety Financial Assistance Grants:				
Marine Patrol Assistance Grant	97.012	N/A	-	\$ 35,000
Recreational Boating Safety Program Grant	97.012	N/A	-	15,675
Paddling Enhancement Grant	97.012	N/A	-	43,173
Total Boating Safety Financial Assistance Grants			-	93,848
Total US Department of Homeland Security			-	93,848
U.S. Department of the Treasury				
<i>Passed through Ohio Department of Development</i>				
COVID-19: SLFRF-Water and Wastewater Infrastructure Program	21.027	DEV-2021-181504	-	1,637,899
Total US Department of Treasury			-	1,637,899
Federal Highway Administration				
<i>Passed through Ohio Department of Natural Resources</i>				
Recreational Trails Program	20.219	N/A	-	6,070
Total Federal Highway Administration			-	6,070
Total Expenditure of Federal Awards			-	\$ 1,737,817

The accompanying notes are an integral part of this Schedule.

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended December 31, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Muskingum Watershed Conservancy District (the Conservancy District) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Conservancy District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Conservancy District.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C - INDIRECT COST RATE

The Conservancy District has elected not to use the 10-percent de minimis indirect cost rate as allowed

NOTE D – MATCHING REQUIREMENTS

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

Muskingum Watershed Conservancy District
Tuscarawas County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
December 31, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): COVID-19: SLFRF-Water and Wastewater Infrastructure Program	Assistance Listing # 21.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None were noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted.

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OHIO AUDITOR OF STATE KEITH FABER



**MUSKINGUM WATERSHED CONSERVANCY DISTRICT
TUSCARAWAS COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/9/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov