



**WEST MUSKINGUM LOCAL
SCHOOL DISTRICT
MUSKINGUM COUNTY, OHIO**

SINGLE AUDIT

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



Rea & associates

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Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 06, 2025

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West Muskingum Local School District

Muskingum County, Ohio

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Muskingum County, Ohio
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

West Muskingum Local School District

Independent Auditor's Report

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and 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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. 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 December 23, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 23, 2024

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

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

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- Net position of governmental activities increased \$5,659,691.
- In total, assets of the School District increased due to construction in progress related to a new building project as well as continued annual increases in cash and cash equivalents.
- Program revenues increased as Elementary and Secondary School Emergency Relief (ESSER) grant moneys were recognized as capital grants to provide resources for an ongoing construction in progress project.
- For governmental funds, consistent property taxes, along with increased State and Federal grant revenues were sufficient to provide for increased expenditures, including capital outlays for new construction, and increase total governmental fund balance from the beginning of the year.

Using this Annual Financial Report

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

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

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Debt Service Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides.

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

West Muskingum Local School District, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2024 compared to 2023.

Table 1 - Net Position

	Governmental Activities		
	2024	2023	Change
Assets			
Current and Other Assets	\$26,308,979	\$23,817,022	\$2,491,957
Net OPEB Asset	892,236	1,133,863	(241,627)
Capital Assets	32,289,021	30,698,725	1,590,296
<i>Total Assets</i>	<i>59,490,236</i>	<i>55,649,610</i>	<i>3,840,626</i>
Deferred Outflows of Resources			
Deferred Charge on Refunding	362,254	417,230	(54,976)
Pension	2,852,829	2,913,722	(60,893)
OPEB	472,777	239,900	232,877
<i>Total Deferred Outflows of Resources</i>	<i>3,687,860</i>	<i>3,570,852</i>	<i>117,008</i>
Liabilities			
Current and Other Liabilities	2,510,031	2,341,768	168,263
Long-Term Liabilities			
Due Within One Year	1,408,290	1,361,689	46,601
Due In More Than One Year:			
Net Pension Liability	12,604,831	12,321,363	283,468
Net OPEB Liability	832,699	685,322	147,377
Other Amounts	10,481,087	11,892,261	(1,411,174)
<i>Total Liabilities</i>	<i>27,836,938</i>	<i>28,602,403</i>	<i>(765,465)</i>
Deferred Inflows of Resources			
Property Taxes	6,549,220	6,284,205	265,015
Payment in Lieu of Taxes	156,470	164,140	(7,670)
Deferred Charge on Refunding	13,674	15,627	(1,953)
Pension	1,209,387	2,019,795	(810,408)
OPEB	1,610,673	1,992,249	(381,576)
<i>Total Deferred Inflows of Resources</i>	<i>9,539,424</i>	<i>10,476,016</i>	<i>(936,592)</i>
Net Position			
Net Investment in Capital Assets	20,913,907	18,496,279	2,417,628
Restricted	4,964,331	3,842,336	1,121,995
Unrestricted (Deficit)	(76,504)	(2,196,572)	2,120,068
Total Net Position	\$25,801,734	\$20,142,043	\$5,659,691

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

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

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

The increase in total assets is due increases in current and other assets as well as capital assets. The increase in current and other assets is primarily due to increases in equity in pooled cash and cash equivalents. Since fiscal year 2020, the School District's cash and cash equivalents have increased by more than \$9.6 million as a result of Covid-era federal stimulus funds which provided for costs that would have otherwise been paid from current cash reserves. As those federal programs conclude, costs began to return to the General Fund, in part, during fiscal year 2024. Capital assets increased primarily due to construction in progress related to the New Admin Center and Preschool Renovations Project, which upon completion will have a value of over \$2.6 million. The project is being predominately funded with ESSER grant moneys. Annual depreciation and amortization of existing capital assets served as an offset to capital asset additions during the fiscal year.

The decrease in total liabilities is due to decreases in long-term amounts, which were partially offset by an increase in other liabilities. Annual debt service on the existing refunding bonds reduces the liability for other amounts due in more than one year. Increases in both the net pension liability and the net OPEB liability offset the reductions from annual debt service payments. Current and other liabilities increased from the prior year as payables related to the New Admin Center and Preschool Renovations Project were able to offset the decrease in unearned revenue from the prior year related to a school safety grant.

The notable decrease in deferred inflows of resources for pension is related to changes in assumptions, as well as changes in proportionate share and difference between School District contributions and proportionate share of contributions. Additionally, the decrease in deferred inflows of resources for OPEB is related to differences between expected and actual experience, as well as changes in proportionate share and difference between School District contributions and proportionate share of contributions.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2024, and comparisons to fiscal year 2023.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Table 2 - Changes in Net Position

	Governmental Activities		
	2024	2023	Change
Program Revenues:			
Charges for Services and Sales	\$1,105,329	\$1,141,152	(\$35,823)
Operating Grants, Contributions, and Interest	3,053,123	3,412,998	(359,875)
Capital Grants and Contributions	<u>2,055,776</u>	<u>56,832</u>	1,998,944
<i>Total Program Revenues</i>	<u>6,214,228</u>	<u>4,610,982</u>	1,603,246
General Revenues:			
Property Taxes	11,425,541	11,630,498	(204,957)
Revenue in Lieu of Taxes	153,870	92,390	61,480
Unrestricted Grants and Entitlements	6,427,483	5,707,696	719,787
Unrestricted Contributions and Donations	57,212	13,112	44,100
Investment Earnings	385,213	207,399	177,814
Gain on Sale of Capital Assets	1,200	0	1,200
Insurance Recoveries	168,860	618,177	(449,317)
Miscellaneous	<u>112,464</u>	<u>5,761</u>	106,703
<i>Total General Revenues</i>	<u>18,731,843</u>	<u>18,275,033</u>	456,810
<i>Total Revenues</i>	<u>24,946,071</u>	<u>22,886,015</u>	2,060,056
Instruction:			
Regular	7,087,861	7,340,020	(252,159)
Special	2,905,991	2,765,293	140,698
Intergovernmental	17,409	174,033	(156,624)
Vocational	192,622	149,712	42,910
Support Services:			
Pupils	937,750	824,223	113,527
Instructional Staff	282,225	286,803	(4,578)
Board of Education	16,260	19,072	(2,812)
Administration	1,694,791	1,650,747	44,044
Fiscal	624,204	600,345	23,859
Operation and Maintenance of Plant	2,322,660	2,234,647	88,013
Pupil Transportation	1,420,395	1,218,013	202,382
Central	3,434	3,284	150
Operation of Non-Instructional Services:			
Food Service Operations	885,997	701,662	184,335
Other Non-Instructional Services	14,619	12,068	2,551
Extracurricular Activities	586,392	587,509	(1,117)
Interest	<u>293,770</u>	<u>313,230</u>	(19,460)
<i>Total Expenses</i>	<u>19,286,380</u>	<u>18,880,661</u>	405,719
<i>Change in Net Position</i>	<u>5,659,691</u>	<u>4,005,354</u>	1,654,337
Net Position Beginning of Year	<u>20,142,043</u>	<u>16,136,689</u>	4,005,354
Net Position End of Year	<u>\$25,801,734</u>	<u>\$20,142,043</u>	<u>\$5,659,691</u>

The increase in program revenues is due to capital grants and contributions related to the use of ESSER grant moneys toward the New Admin Center and Preschool Renovations Project. In the prior year, a larger portion of the ESSER grant moneys were used to support operating expenses, which is the primary reason for the decrease in operating grants, contributions, and interest.

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

West Muskingum Local School District, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

same revenue. The slight decrease in property taxes is due in part to a decrease in the amount available as an advance from the prior year. The increase in unrestricted grants and entitlements represents an increase in the amount received from State Foundation Funding.

During 2024, the School District collected the final significant insurance recoveries from claims related to hail storm related roof damage from the prior year.

Instructional programs continue to represent the majority of total governmental program expenses, although they did decrease from the prior year. The decrease is due in part to decreases in pension and OPEB expenses. The increase in total program expenses is due to increases in the costs of support services programs, as well as the costs of the food service operations program.

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

Table 3 - Governmental Activities
Governmental Activities

	2024 Total Cost of Services	2024 Net Cost of Services	2023 Total Cost of Services	2023 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$7,087,861	\$6,721,750	\$7,340,020	\$5,960,095
Special	2,905,991	897,219	2,765,293	1,286,130
Intergovernmental	17,409	0	174,033	0
Vocational	192,622	163,461	149,712	127,477
Support Services:				
Pupils	937,750	895,622	824,223	824,223
Instructional Staff	282,225	271,489	286,803	251,551
Board of Education	16,260	16,260	19,072	19,072
Administration	1,694,791	1,585,587	1,650,747	1,517,150
Fiscal	624,204	624,204	600,345	600,345
Operation and Maintenance of Plant	2,322,660	(68,950)	2,234,647	2,152,672
Pupil Transportation	1,420,395	1,400,059	1,218,013	1,046,146
Central	3,434	3,296	3,284	3,284
Operation of Non-Instructional Services:				
Food Service Operations	885,997	(92,463)	701,662	(203,670)
Other Non-Instructional Services	14,619	7,387	12,068	3,099
Extracurricular Activities	586,392	353,461	587,509	368,875
Interest	293,770	293,770	313,230	313,230
Totals	\$19,286,380	\$13,072,152	\$18,880,661	\$14,269,679

The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2024, only 32 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services and sales, grants, contributions, and interest. The remaining 68 percent is provided through taxes, entitlements, and other general revenues.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. Total governmental funds had total revenues of \$24,269,180 and expenditures of \$22,878,228.

General Fund

For the General Fund, the primary revenue sources are property taxes and intergovernmental. Property taxes were consistent with prior year amounts. Increases in the amounts received through State Foundation Funding resulted in a significant increase in intergovernmental revenue. In total, General Fund expenditures were slightly increased from fiscal year 2023 amounts. Capital outlay expenditures decreased from the prior year as the School District was addressing costs associated with roof damages from a hailstorm that resulted in significant insurance recoveries. Those costs were not ongoing into fiscal year 2024. Increases in instruction and support services expenditures offset the decrease in capital outlay during the fiscal year. Ultimately, the fund balance of the General Fund increased by more than \$2 million during the fiscal year.

Other Governmental Major Fund

Debt Service Fund

The Debt Service Fund receives property tax revenues and related property tax allocations to service taxpayer voted bond issues. The millage for bond retirement has been adjusted the last few fiscal years due to ample cash balances necessary to meet current and upcoming debt service payments. As a result the Debt Service Fund collected less revenues in fiscal year 2024 and relied on a portion of its carryover fund balance to make annual debt service payments.

General Fund Budgeting Highlights

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

During fiscal year 2024, the School District amended both its estimated resources and appropriations budgets, increasing both. Actual revenues exceeded estimated amounts in almost all categories, with the most notable being intergovernmental and interest. Despite the increases in appropriation authority from original to final budgets, actual General Fund expenditures were less than budgeted. Actual revenue collections paired with actual spending at levels well below authorized levels allowed for an increase the cash basis fund balance of the General Fund.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the School District had \$32,289,021 invested in land, land improvements, construction in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. Table 4 shows fiscal year 2024 balances compared to 2023.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

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

	Government Activities	
	2024	2023
Land and Land Improvements	\$2,961,929	\$3,066,740
Construction in Progress	2,221,943	56,832
Buildings and Improvements	25,299,661	26,282,986
Furniture and Equipment	689,415	355,905
Vehicles	1,067,706	874,076
Intangible Right to Use Equipment	48,367	62,186
Totals	\$32,289,021	\$30,698,725

See Note 9 for additional information regarding capital assets.

Debt

At June 30, 2024, the School District had \$10,271,000 outstanding in 2021 series A refunding bonds and 2021 series B refunding bonds, with \$1,283,000 being due within one year. The bonds were issued to refinance bonds previously issued for school facilities construction and improvements. Leases outstanding at June 30, 2024, were \$57,247, with \$12,301 due in one year. Financed purchases outstanding at June 30, 2024 were \$772,000, with \$82,000 due in one year. See Note 15 for more detailed information of the School District's debt. The net pension and OPEB liabilities under GASB 68 and 75 are reported as a long-term obligations that have been previously disclosed within the management's discussion and analysis.

Economic Factors

The West Muskingum Local School District offers a unique blend of rural and suburban neighborhoods. The School District serves students in Muskingum and Licking Counties. Approximately 92 percent of the School District is located in Muskingum County and the remaining 8 percent is in Licking County. Residential and agricultural property generates 64 percent of local real estate revenue, commercial property generates approximately 21 percent, and public utility generates 15 percent of total real estate revenue. Muskingum County conducted a triennial update in calendar year 2021, receivable in calendar year 2022, which generated real estate revenue increases based upon a period of unprecedented housing market value increases. The School District monitors the effective tax rates of the School District, HB 920, and the corresponding effects on future real estate tax revenue.

The School District has experienced significant enrollment increases in the elementary grade levels over the last several years. Significant data is prepared trending students through grade levels to appropriately forecast revenues and expenses, as well as to define appropriate building capacities by grade level. The current economically disadvantaged population is 47 percent.

As addressed earlier in this Discussion and Analysis, the influx of federal stimulus moneys in recent years has allowed the School District to increase its cash asset balances, by relying on grant programs to provide for services. As these programs end, the School District will monitor the potential fiscal cliff that has been described as a fiscal cliff from some educational entities.

West Muskingum Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

In addition to the federal stimulus funding, the State recently introduced a new educational funding formula for the State of Ohio. First implemented in fiscal year 2022 the Fair School Funding formula eliminates the deduction and transfer of dollars from resident districts to other schools or districts for students who attend community schools, STEM schools, scholarship programs and open enrollment school students. Based upon the rural demographics of Muskingum County, West Muskingum Local Schools experiences a large number of open enrolled out students to bordering schools, as well as open enrollment in students. In the last year the old funding formula was used and prior there were significant financial disparities in the funding for open enrollment students between school districts. The Fair School Funding formula corrected the inconsistent funding model. West Muskingum no longer loses funding to surrounding districts which amounted to costs which exceeded actual per pupil funding.

Contacting the School District's Financial Management

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

Basic Financial Statements

West Muskingum Local School District, Ohio

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,547,328
Accounts Receivable	5,893
Intergovernmental Receivable	770,413
Prepaid Items	164,865
Inventory Held for Resale	10,620
Materials and Supplies Inventory	13,488
Property Taxes Receivable	11,639,902
Payments in Lieu of Taxes Receivable	156,470
Net OPEB Asset	892,236
Nondepreciable Capital Assets	2,778,276
Depreciable Capital Assets, Net	<u>29,510,745</u>
<i>Total Assets</i>	<u>59,490,236</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	362,254
Pension	2,852,829
OPEB	<u>472,777</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,687,860</u>
Liabilities	
Accounts Payable	74,079
Accrued Wages and Benefits Payable	1,445,293
Contracts Payable	564,184
Accrued Interest Payable	14,727
Intergovernmental Payable	300,854
Retainage Payable	59,293
Vacation Benefits Payable	51,601
Long-Term Liabilities:	
Due Within One Year	1,408,290
Due In More Than One Year:	
Net Pension Liability	12,604,831
Net OPEB Liability	832,699
Other Amounts	<u>10,481,087</u>
<i>Total Liabilities</i>	<u>27,836,938</u>
Deferred Inflows of Resources	
Property Taxes	6,549,220
Payments in Lieu of Taxes	156,470
Deferred Charge on Refunding	13,674
Pension	1,209,387
OPEB	<u>1,610,673</u>
<i>Total Deferred Inflows of Resources</i>	<u>9,539,424</u>
Net Position	
Net Investment in Capital Assets	20,913,907
Restricted for:	
Debt Service	1,889,365
Classroom Facilities Maintenance	765,084
Local, State, and Federal Grants	481,977
Student Activities	67,676
Athletics and Music	72,911
OPEB	892,236
Food Service Operations	795,082
Unrestricted (Deficit)	<u>(76,504)</u>
<i>Total Net Position</i>	<u>\$25,801,734</u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions		
	Expenses				
Governmental Activities					
Instruction:					
Regular	\$7,087,861	\$29,817	\$336,294	\$0	(\$6,721,750)
Special	2,905,991	551,747	1,457,025	0	(897,219)
Special - Intergovernmental	17,409	0	17,409	0	0
Vocational	192,622	0	29,161	0	(163,461)
Support Services:					
Pupils	937,750	0	42,128	0	(895,622)
Instructional Staff	282,225	0	10,736	0	(271,489)
Board of Education	16,260	0	0	0	(16,260)
Administration	1,694,791	20,380	88,824	0	(1,585,587)
Fiscal	624,204	0	0	0	(624,204)
Operation and Maintenance of Plant	2,322,660	5,211	330,623	2,055,776	68,950
Pupil Transportation	1,420,395	20,336	0	0	(1,400,059)
Central	3,434	0	138	0	(3,296)
Operation of Non-Instructional Services:					
Food Service Operations	885,997	265,651	712,809	0	92,463
Other Non-Instructional Services	14,619	0	7,232	0	(7,387)
Extracurricular Activities	586,392	212,187	20,744	0	(353,461)
Interest	293,770	0	0	0	(293,770)
<i>Totals</i>	<u>\$19,286,380</u>	<u>\$1,105,329</u>	<u>\$3,053,123</u>	<u>\$2,055,776</u>	<u>(13,072,152)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes				10,223,449	
Debt Service				1,202,092	
Revenues in Lieu of Taxes				153,870	
Grants and Entitlements					
not Restricted to Specific Programs				6,427,483	
Unrestricted Contributions and Donations				57,212	
Investment Earnings/Interest				385,213	
Insurance Recoveries				168,860	
Gain on Sale of Capital Assets				1,200	
Miscellaneous				112,464	
<i>Total General Revenues</i>				<u>18,731,843</u>	
<i>Change in Net Position</i>				<u>5,659,691</u>	
<i>Net Position Beginning of Year</i>				<u>20,142,043</u>	
<i>Net Position End of Year</i>				<u>\$25,801,734</u>	

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2024*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$8,976,801	\$1,306,135	\$3,264,392	\$13,547,328
Accounts Receivable	5,893	0	0	5,893
Payments in Lieu of Taxes Receivable	2,600	0	153,870	156,470
Intergovernmental Receivable	152,205	0	618,208	770,413
Interfund Receivable	14,833	0	0	14,833
Prepaid Items	161,453	0	3,412	164,865
Inventory Held for Resale	0	0	10,620	10,620
Materials and Supplies Inventory	11,919	0	1,569	13,488
Property Taxes Receivable	10,289,942	1,349,960	0	11,639,902
<i>Total Assets</i>	\$19,615,646	\$2,656,095	\$4,052,071	\$26,323,812
Liabilities				
Accounts Payable	\$63,560	\$0	\$10,519	\$74,079
Interfund Payable	0	0	14,833	14,833
Accrued Wages and Benefits Payable	1,280,134	0	165,159	1,445,293
Contracts Payable	150,452	0	413,732	564,184
Retainage Payable	2,696	0	56,597	59,293
Intergovernmental Payable	274,590	0	26,264	300,854
<i>Total Liabilities</i>	1,771,432	0	687,104	2,458,536
Deferred Inflows of Resources				
Property Taxes	5,797,217	752,003	0	6,549,220
Payments in Lieu of Taxes	2,600	0	153,870	156,470
Unavailable Revenues	646,762	70,359	515,956	1,233,077
<i>Total Deferred Inflows of Resources</i>	6,446,579	822,362	669,826	7,938,767
Fund Balances				
Nonspendable	173,372	0	4,981	178,353
Restricted	0	1,833,733	1,719,687	3,553,420
Committed	260,766	0	95,913	356,679
Assigned	825,869	0	1,390,516	2,216,385
Unassigned (Deficit)	10,137,628	0	(515,956)	9,621,672
<i>Total Fund Balances</i>	11,397,635	1,833,733	2,695,141	15,926,509
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	\$19,615,646	\$2,656,095	\$4,052,071	\$26,323,812

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
*Reconciliation of Total Governmental Funds Balances to
 Net Position of Governmental Activities
 June 30, 2024*

Total Governmental Fund Balances \$15,926,509

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,289,021
Other long-term assets are not available to pay for current-period expenditures and therefore are shown as deferred inflows of resources in the funds:	
Delinquent Property Taxes	574,032
Intergovernmental	515,956
Tuition and Fees	<u>143,089</u>
	1,233,077
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(51,601)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(14,727)
Deferred outflows of resources represent deferred charges on refundings which are not reported in the funds.	362,254
Deferred inflows of resources represent deferred charges on refundings which are not reported in the funds.	(13,674)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds Payable	(10,271,000)
Financed Purchase	(772,000)
Leases Payable	(57,247)
Sick Leave Benefits Payable	<u>(789,130)</u>
	(11,889,377)
The net pension liability and net OPEB liability/asset are not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in the governmental funds:	
Net OPEB Asset	892,236
Deferred Outflows - Pension	2,852,829
Deferred Outflows - OPEB	472,777
Net Pension Liability	(12,604,831)
Net OPEB Liability	(832,699)
Deferred Inflows - Pension	(1,209,387)
Deferred Inflows - OPEB	<u>(1,610,673)</u>
	(12,039,748)
<i>Net Position of Governmental Activities</i>	<u><u>\$25,801,734</u></u>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$10,143,186	\$1,196,610	\$0	\$11,339,796
Revenues in Lieu of Taxes	0	0	153,870	153,870
Intergovernmental	7,006,701	155,436	3,924,090	11,086,227
Investment Earnings/Interest	385,213	0	226	385,439
Tuition and Fees	588,197	0	0	588,197
Extracurricular Activities	20,380	0	212,187	232,567
Rent	3,913	0	0	3,913
Charges for Services and Sales	0	0	265,651	265,651
Contributions and Donations	57,212	0	43,844	101,056
Miscellaneous	112,111	0	353	112,464
<i>Total Revenues</i>	<i>18,316,913</i>	<i>1,352,046</i>	<i>4,600,221</i>	<i>24,269,180</i>
Expenditures				
Current:				
Instruction:				
Regular	6,418,318	0	442,211	6,860,529
Special	1,994,535	0	843,328	2,837,863
Vocational	169,983	0	5,262	175,245
Support Services:				
Pupils	873,896	0	42,665	916,561
Instructional Staff	254,029	0	10,734	264,763
Board of Education	16,260	0	0	16,260
Administration	1,691,919	0	0	1,691,919
Fiscal	596,711	27,695	0	624,406
Operation and Maintenance of Plant	2,297,312	0	503,524	2,800,836
Pupil Transportation	1,730,297	0	0	1,730,297
Central	3,296	0	138	3,434
Operation of Non-Instructional Services:				
Food Service Operations	0	0	785,970	785,970
Other Non-Instructional Services	7,400	0	99,116	106,516
Extracurricular Activities	193,842	0	233,059	426,901
Capital Outlay	0	0	2,055,822	2,055,822
Debt Service:				
Principal Retirement	89,988	1,231,000	0	1,320,988
Interest	48,750	193,759	0	242,509
Intergovernmental	0	0	17,409	17,409
<i>Total Expenditures</i>	<i>16,386,536</i>	<i>1,452,454</i>	<i>5,039,238</i>	<i>22,878,228</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>1,930,377</i>	<i>(100,408)</i>	<i>(439,017)</i>	<i>1,390,952</i>
Other Financing Sources (Uses)				
Insurance Recoveries	321,154	0	0	321,154
Proceeds from Sale of Capital Assets	1,200	0	0	1,200
Transfers In	0	0	110,000	110,000
Transfers Out	(110,000)	0	0	(110,000)
<i>Total Other Financing Sources (Uses)</i>	<i>212,354</i>	<i>0</i>	<i>110,000</i>	<i>322,354</i>
<i>Net Change in Fund Balances</i>	<i>2,142,731</i>	<i>(100,408)</i>	<i>(329,017)</i>	<i>1,713,306</i>
<i>Fund Balances Beginning of Year</i>	<i>9,254,904</i>	<i>1,934,141</i>	<i>3,024,158</i>	<i>14,213,203</i>
<i>Fund Balances End of Year</i>	<i>\$11,397,635</i>	<i>\$1,833,733</i>	<i>\$2,695,141</i>	<i>\$15,926,509</i>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds \$1,713,306

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

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

Capital Assets Additions	3,179,808	
Current Year Depreciation/Amortization Expense	<u>(1,589,512)</u>	1,590,296

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

Property Taxes	85,745	
Intergovernmental	406,085	
Tuition and Fees	15,001	
Insurance Recoveries	<u>(152,294)</u>	354,537

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

Vacation Benefits Payable	(3,256)	
Sick Leave Benefits Payable	<u>43,585</u>	40,329

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

Deferred Charges on Refunding Amortization	(53,023)	
Accrued Interest Payable	<u>1,762</u>	(51,261)

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

1,320,988

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	1,162,556	
OPEB	<u>33,900</u>	1,196,456

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

Pension	(696,509)	
OPEB	<u>191,549</u>	(504,960)

Change in Net Position of Governmental Activities

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*

General Fund

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property Taxes	\$10,051,709	\$10,051,709	\$10,106,574	\$54,865
Intergovernmental	6,180,727	6,460,099	7,046,344	586,245
Interest	180,000	250,000	385,213	135,213
Tuition and Fees	589,028	589,028	590,935	1,907
Rent	4,500	4,500	3,913	(587)
Contributions and Donations	5,000	19,994	51,319	31,325
Miscellaneous	11,796	11,796	36,028	24,232
<i>Total Revenues</i>	<i>17,022,760</i>	<i>17,387,126</i>	<i>18,220,326</i>	<i>833,200</i>
Expenditures				
Current:				
Instruction:				
Regular	7,230,903	6,960,829	6,517,161	443,668
Special	2,594,569	2,474,962	2,032,594	442,368
Vocational	200,565	194,246	170,549	23,697
Support Services:				
Pupils	1,141,721	1,096,215	869,474	226,741
Instructional Staff	357,199	355,269	253,650	101,619
Board of Education	20,261	19,238	16,308	2,930
Administration	1,881,556	1,800,966	1,857,827	(56,861)
Fiscal	640,397	628,125	634,308	(6,183)
Operation and Maintenance of Plant	2,775,650	3,000,209	3,052,552	(52,343)
Pupil Transportation	1,705,564	2,038,253	1,779,652	258,601
Central	4,213	4,000	3,296	704
Operation of Non-Instructional Services	3,612	6,800	7,400	(600)
Extracurricular Activities	235,911	224,000	203,644	20,356
Capital Outlay	11,456	215,455	76,211	139,244
Debt Service:				
Principal Retirement	79,000	79,000	79,000	0
Interest	42,423	42,423	41,571	852
<i>Total Expenditures</i>	<i>18,925,000</i>	<i>19,139,990</i>	<i>17,595,197</i>	<i>1,544,793</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(1,902,240)</i>	<i>(1,752,864)</i>	<i>625,129</i>	<i>2,377,993</i>
Other Financing Source (Use)				
Proceeds from Sale of Capital Assets	5,000	5,000	1,200	(3,800)
Insurance Recoveries	358,204	358,204	358,204	0
Transfers Out	(110,000)	(110,000)	(110,000)	0
<i>Total Other Financing Source (Use)</i>	<i>253,204</i>	<i>253,204</i>	<i>249,404</i>	<i>(3,800)</i>
<i>Net Change in Fund Balance</i>	<i>(1,649,036)</i>	<i>(1,499,660)</i>	<i>874,533</i>	<i>2,374,193</i>
<i>Fund Balance Beginning of Year</i>	<i>5,881,731</i>	<i>5,881,731</i>	<i>5,881,731</i>	<i>0</i>
Prior Year Encumbrances Appropriated	952,705	952,705	952,705	0
<i>Fund Balance End of Year</i>	<i>\$5,185,400</i>	<i>\$5,334,776</i>	<i>\$7,708,969</i>	<i>\$2,374,193</i>

See accompanying notes to the basic financial statements

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 1 - Description of the School District and Reporting Entity

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

The School District is staffed by 59 classified employees, 92 certificated full-time teaching personnel, and 11 administrative employees who provide services to 1,594 students and other community members. The School District currently operates four instructional buildings and one administrative building.

Reporting Entity

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

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

The School District participates in four jointly governed organizations and three insurance purchasing pools. These organizations are the Licking Area Computer Association, the Mid-East Career and Technology Center, META, the Coalition of Rural and Appalachian Schools, the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan, and the Ohio School Benefits Cooperative. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District has no business-type activities.

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

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

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

Measurement Focus

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payment in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

(See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB. Deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, payment in lieu of taxes, deferred charges on refunding, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance year 2025 operations. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14).

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Cash and Cash Equivalents

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the General Fund during 2024 amounted to \$385,213, which includes \$129,961 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments. The School District had no investments as of June 30, 2024.

Interfund Balances

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

Prepaid Items

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

Inventory

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

Capital Assets

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

Leases

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

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

Internal Activity

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

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable". The vacation balances earned cannot exceed a balance of thirty days.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which these payments will be made. There were no matured compensated absences payable for fiscal year 2024.

Accrued Liabilities and Long-term Obligations

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaid items, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints/ placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance for capital improvements and public school support.

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for Pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the pension and OPEB plans for future benefits.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items in fiscal year 2024.

Estimates

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

Budgetary Process

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

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

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

Deferred Charge on Refunding

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 3 - Changes in Accounting Principles

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

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

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

The implementation of GASB Statement No. 100 and the capitalize implementation Guides did not have any effect on beginning balances.

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

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2024:

Special Revenue Funds:

Title I	\$21,697
Title IV-B	16,628
Federal Cares Act	468,073
Early Childhood Special Education	596
Title II-A	5,870
	<hr/>
	\$512,864

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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

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

Net Change in Fund Balance	
GAAP Basis	\$2,142,731
Net Adjustment for Revenue Accruals	(38,707)
Net Adjustment for Expenditure Accruals	157,793
Beginning of Fiscal Year:	
Prepaid Items	25,696
End of Fiscal Year:	
Prepaid Items	(161,453)
To reclassify excess of revenues and other sources of financial resources under expenditures and other uses of financial resources into financial statement fund types	5,475
Adjustment for Encumbrances	(1,257,002)
Budget Basis	<u><u>\$874,533</u></u>

Note 6 - Deposits and Investments

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

Investments: As of June 30, 2024, the School District had no investments.

Note 7 - Property Taxes and Tax Abatements

Property Taxes

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

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

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Muskingum and Licking Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

The amount available as an advance at June 30, 2024, was \$4,516,650; \$3,989,052 was available to the General Fund and \$527,598 was available to the Debt Service Fund. The amount available as an advance at June 30, 2023, was \$4,677,636; \$3,952,440 was available to the General Fund and \$725,196 was available to the Debt Service Fund.

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

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

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$370,280,558	90.59%	\$381,191,601	90.51%
Public Utility Personal	38,472,970	9.41%	39,970,160	9.49%
Total	\$408,753,528	100.00%	\$421,161,761	100.00%
Tax rate per \$1,000 of assessed valuation	\$46.70		\$46.10	

Bond levy rates are adjusted based upon amounts necessary for the retirement of debt service in order to collect the fixed amount approved.

Tax Abatements

The School District's property taxes were reduced by an Enterprise Zone agreement entered into by City of Zanesville. The amount of the fiscal year 2024 taxes abated for the School District was \$4,916.

Note 8 - Receivables

Receivables at June 30, 2024, consisted of property taxes, interfund, payments in lieu of taxes, accounts (student fees and tuition), and intergovernmental grants.

All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes and payment in lieu of taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$574,032 as of June 30, 2024.

A summary of principal items of intergovernmental receivables follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	<u>Amounts</u>
Governmental Activities	
Title I Grant	\$54,400
Title II-A Grant	17,618
Title VI-B Special Education Grant	41,620
Stronger Connections Grant	2,263
Title IV-A	8,959
ESSER III Grant	493,348
State Foundation Adjustments	143,089
Ohio Department of Taxation Fuel Reimbursement	5,158
Medicaid Reimbursement	3,958
Total	\$770,413

On December 27, 2006, the City of Zanesville entered into a tax increment financing agreement with Sam's Club, Community Bank, and the Golden Corral for the purpose of public infrastructure improvements consisting of designing, engineering, improving, and constructing a new four-lane roadway and constructing water and sewer upgrades therewith. To encourage these improvements, property owners were granted an exemption from paying real property taxes on the new construction. Sam's Club was granted a 100 percent, thirty-year real property taxes exemption and the Community Bank and Golden Corral were granted a 75 percent, ten-year real property taxes exemption. The School District has agreed to this project and is being made whole for lost real property taxes that otherwise would have been due each year, pursuant to the financing agreement. The property owners make payment in lieu of taxes to the City of Zanesville which are distributed to the School District. These payments are being used to finance infrastructure improvements and will continue over ten to thirty years. Based upon the provisions of the agreement, the payments in lieu of taxes include scheduled increases over the thirty-year period of the school compensation agreement. As of June 30, 2024, a receivable for \$153,870 has been recorded which represents the payment anticipated for fiscal year 2025.

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West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 9 - Capital Assets

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

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Nondepreciable Capital Assets				
Land	\$140,494	\$0	\$0	\$140,494
Land Improvements	415,839	0	0	415,839
Construction in Progress	56,832	2,165,111	0	2,221,943
Total Non-Depreciable Capital Assets	<u>613,165</u>	<u>2,165,111</u>	<u>0</u>	<u>2,778,276</u>
Depreciable Capital Assets				
Land Improvements	4,983,452	120,060	0	5,103,512
Building and Improvements	40,464,211	0	0	40,464,211
Furniture and Equipment	2,321,119	474,386	0	2,795,505
Vehicles	1,765,041	420,251	(153,416)	2,031,876
Intangible Right to Use - Equipment	69,096	0	0	69,096
Total at Historical Cost	<u>49,602,919</u>	<u>1,014,697</u>	<u>(153,416)</u>	<u>50,464,200</u>
Less Accumulated Depreciation/Amortization				
Land Improvements	(2,473,045)	(224,871)	0	(2,697,916)
Buildings and Improvements	(14,181,225)	(983,325)	0	(15,164,550)
Furniture and Equipment	(1,965,214)	(140,876)	0	(2,106,090)
Vehicles	(890,965)	(226,621)	153,416	(964,170)
Intangible Right to Use - Equipment	(6,910)	(13,819)	0	(20,729)
Total Accumulated Depreciation/ Amortization	<u>(19,517,359)</u>	<u>(1,589,512)</u> *	<u>153,416</u>	<u>(20,953,455)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation/Amortization	<u>30,085,560</u>	<u>(574,815)</u>	<u>0</u>	<u>29,510,745</u>
Governmental Activities Capital Assets, Net	<u>\$30,698,725</u>	<u>\$1,590,296</u>	<u>\$0</u>	<u>\$32,289,021</u>

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

	Depreciation	Amortization	Total
Instruction:			
Regular	\$577,012	\$13,819	\$590,831
Special	155,912	0	155,912
Vocational	19,970	0	19,970
Support Services:			
Pupils	49,422	0	49,422
Instructional Staff	16,074	0	16,074
Administration	89,716	0	89,716
Operation of Maintenance and Plant	203,909	0	203,909
Pupil Transportation	222,916	0	222,916
Extracurricular Activities	159,491	0	159,491
Food Service Operations	81,271	0	81,271
Total	<u>\$1,575,693</u>	<u>\$13,819</u>	<u>\$1,589,512</u>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 10 - Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2024, consist of the following individual fund receivable and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$14,833	\$0
Special Revenue Funds:		
Title II-A	0	5,874
Title IV-A	0	8,959
Total All Funds	\$14,833	\$14,833

These interfund balances account for a deficit cash advances as the grant fund await funding dollars.

Transfers

During fiscal year 2024, the General Fund transferred \$70,000 to the Technology Capital Projects Fund for the purchase of technological equipment and \$40,000 to the Permanent Improvement-Turf Capital Projects Fund.

Note 11 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool, for insurance coverage. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 20)

The types and amounts of coverage provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$78,825,782
Flood (\$25,000 deductible)	1,000,000
Earthquake (\$25,000 deductible)	1,000,000
Automobile Liability (\$0 deductible)	2,000,000
Auto Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per Occurrence - Bodily Injury, Property Damage, and Sexual Abuse Injury	\$2,000,000
Aggregate	4,000,000
Personal and Advertising Injury	2,000,000
Products Completed Operations Aggregate	2,000,000
Educational Legal Liability (\$0 deductible)	(Continued)

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Errors and Omissions Injury Limit	2,000,000
Aggregate Per Year	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. There has been no significant reduction in insurance coverage from coverage in fiscal year 2024.

Worker's Compensation

The School District participates in the workers' compensation program provided by the State of Ohio. The School District participates in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 20). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. Employers will pay experience or based rated premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the Program, the Program's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant.

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

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

Note 12 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment up to a maximum of 30 days. Teachers do not earn vacation time.

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Insurance

The School District provides medical, health, and prescription card coverage through Medical Mutual of Ohio. The School District provided a three-tier healthcare option for fiscal year 2024. The tiers provide a lower premium option, with a corresponding increase to deductibles. Tier I is the base program offered and the School District pays eighty percent of the total monthly premiums of \$2,734.62 for family coverage, and eighty-five percent of total premium of \$1,052.68 for single coverage. Tier II is a seven percent decrement to base program and the school district pays eighty-nine percent of the total monthly premiums of \$2,543.22 for family coverage and ninety-five percent of total premium of \$979.01 for single coverage. Tier III is a twelve percent decrement from base program and the school district pays ninety-five percent of the total monthly premiums of \$2,406.48 for family coverage and one hundred percent of total premium of \$926.39 for single coverage.

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

Note 13 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$290,250 for fiscal year 2024. Of this amount, \$33,962 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

The School District's contractually required contribution to STRS was \$872,306 for fiscal year 2024. Of this amount, \$123,011 is reported as an intergovernmental payable.

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04932260%	0.045876620%	
Prior Measurement Date	<u>0.04782670%</u>	<u>0.043789770%</u>	
Change in Proportionate Share	<u>0.00149590%</u>	<u>0.00208685%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$2,725,329	\$9,879,502	\$12,604,831
Pension Expense	\$149,189	\$547,320	\$696,509

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$117,141	\$360,186	\$477,327
Changes of assumptions	19,305	813,631	832,936
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	58,790	321,220	380,010
School District contributions subsequent to the measurement date	<u>290,250</u>	<u>872,306</u>	<u>1,162,556</u>
Total Deferred Outflows of Resources	<u>\$485,486</u>	<u>\$2,367,343</u>	<u>\$2,852,829</u>

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$21,923	\$21,923
Changes of assumptions	0	612,430	612,430
Net difference between projected and actual earnings on pension plan investments	38,306	29,609	67,915
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>100,978</u>	<u>406,141</u>	<u>507,119</u>
Total Deferred Inflows of Resources	<u>\$139,284</u>	<u>\$1,070,103</u>	<u>\$1,209,387</u>

\$1,162,556 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(\$57,538)	(\$251,698)	(\$309,236)
2025	(80,555)	(412,305)	(492,860)
2026	192,013	1,061,611	1,253,624
2027	<u>2,032</u>	<u>27,326</u>	<u>29,358</u>
Total	<u>\$55,952</u>	<u>\$424,934</u>	<u>\$480,886</u>

Actuarial Assumptions - SERS

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

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

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

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,022,444	\$2,725,329	\$1,632,754

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

* Final target weights reflected at October 1, 2022.

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

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

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

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability	\$15,192,487	\$9,879,502	\$5,386,170

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System, or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2024, four members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 14 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$33,900.

West Muskingum Local School District, Ohio

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The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$33,900 for fiscal year 2024, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.05054490%	0.045876620%	
Prior Measurement Date	0.04881160%	0.043789770%	
Change in Proportionate Share	<u>0.00173330%</u>	<u>0.002086850%</u>	
			Total
Proportionate Share of the:			
Net OPEB Liability	\$832,699	\$0	\$832,699
Net OPEB (Asset)	\$0	(\$892,236)	(\$892,236)
OPEB Expense	(\$99,832)	(\$91,717)	(\$191,549)

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

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*Notes to the Basic Financial Statements
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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,735	\$1,391	\$3,126
Changes of assumptions	281,560	131,440	413,000
Net difference between projected and actual earnings on OPEB plan investments	6,453	1,592	8,045
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	13,619	1,087	14,706
School District contributions subsequent to the measurement date	33,900	0	33,900
Total Deferred Outflows of Resources	<u>\$337,267</u>	<u>\$135,510</u>	<u>\$472,777</u>

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$429,454	\$136,087	\$565,541
Changes of assumptions	236,495	588,684	825,179
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	187,662	32,291	219,953
Total Deferred Inflows of Resources	<u>\$853,611</u>	<u>\$757,062</u>	<u>\$1,610,673</u>

\$33,900 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(\$166,824)	(\$280,959)	(\$447,783)
2025	(146,703)	(124,788)	(271,491)
2026	(101,133)	(47,655)	(148,788)
2027	(68,081)	(63,583)	(131,664)
2028	(49,131)	(58,232)	(107,363)
Thereafter	<u>(18,372)</u>	<u>(46,335)</u>	<u>(64,707)</u>
Total	<u>(\$550,244)</u>	<u>(\$621,552)</u>	<u>(\$1,171,796)</u>

Actuarial Assumptions - SERS

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,064,428	\$832,699	\$649,972

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For the Fiscal Year Ended June 30, 2024*

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$611,756	\$832,699	\$1,125,480

Actuarial Assumptions – STRS

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

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

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

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

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$755,162)	(\$892,236)	(\$1,011,615)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,017,154)	(\$892,236)	(\$741,776)

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West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/2023	Additions	Reductions	Principal Outstanding 6/30/2024	Amounts Due in One Year
Refunding Bonds from Direct Placements:					
School Facilities Construction and Improvement Refunding Bonds 2021A					
Term Bonds - \$5,400,000 1.73%	\$4,365,000	\$0	\$513,000	\$3,852,000	\$522,000
School Facilities Construction and Improvement Refunding Bonds 2021B					
Term Bonds - \$7,835,000 1.81%	7,137,000	0	718,000	6,419,000	761,000
Total Refunding Bonds	11,502,000	0	1,231,000	10,271,000	1,283,000
Net Pension Liability:					
SERS	2,586,841	138,488	0	2,725,329	0
STRS	9,734,522	144,980	0	9,879,502	0
Total Net Pension Liability	12,321,363	283,468	0	12,604,831	0
Net OPEB Liability - SERS	685,322	147,377	0	832,699	0
Financed Purchase from Direct Borrowing	851,000	0	79,000	772,000	82,000
Leases Payable	68,235	0	10,988	57,247	12,301
Sick Leave Benefits Payable	832,715	117,460	161,045	789,130	30,989
Total Governmental Activities					
Long-Term Liabilities	\$26,260,635	\$548,305	\$1,482,033	\$25,326,907	\$1,408,290

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

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

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

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

Year	Principal Amount to be Redeemed
2025	\$522,000
2026	532,000
2027	540,000
2028	554,000
2029	556,000
2030	568,000
Total	<u><u>\$3,272,000</u></u>

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

On September 3, 2021, the School District issued \$7,835,000 School Facilities Construction and Improvement Refunding Bonds in a direct placement to partially current refund the 2013 School Facilities Construction and Improvement Refunding Bonds. The refunding bonds were issued for a nine-year period with a final maturity at December 1, 2030. All bonds consist of term bonds. Issuance costs in the amount of \$85,925 were expensed in fiscal year 2022. \$7,947,525 was placed into an escrow account that was then transferred for payoff of the 2013 School Facilities Construction and Improvement Refunding Bonds on

West Muskingum Local School District, Ohio

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December 2, 2021. The current refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price in the amount of \$66,133. This difference is being reported in the accompanying financial statements as deferred outflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The current year amortization was \$8,267. These bonds will be retired from the bond retirement fund through property taxes.

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

Year	Principal Amount to be Redeemed
2025	\$761,000
2026	809,000
2027	857,000
2028	908,000
2029	967,000
2030	1,030,000
Total	<u><u>\$5,332,000</u></u>

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

Principal and interest requirements to retire the School Facilities Construction and Improvement General Obligation Bonds Series 2021A and the School Facilities Construction and Improvement General Obligation Bonds Series 2021B outstanding at June 30, 2024, are as follows:

Fiscal Year Ending June 30,	Series 2021A		Series 2021B	
	Principal	Interest	Principal	Interest
2025	\$522,000	\$62,124	\$761,000	\$109,297
2026	532,000	53,007	809,000	95,088
2027	540,000	43,734	857,000	80,011
2028	554,000	34,272	908,000	64,038
2029	556,000	24,670	967,000	47,069
2030-2031	1,148,000	19,964	2,117,000	38,834
Total	<u><u>\$3,852,000</u></u>	<u><u>\$237,771</u></u>	<u><u>\$6,419,000</u></u>	<u><u>\$434,337</u></u>

The School District's outstanding general obligation bonds from direct placements related to governmental activities of \$10,271,000 contain no provisions related to events of default with finance-related consequences; termination events with finance-related consequences; or subjective acceleration clauses.

Leases Payable

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the straight-line method. The lease will be paid from the General Fund.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

Year	Principal	Interest	Total
2025	\$12,301	\$5,865	\$18,166
2026	13,771	4,396	18,167
2027	15,416	2,750	18,166
2028	15,759	908	16,667
Total	<u><u>\$57,247</u></u>	<u><u>\$13,919</u></u>	<u><u>\$71,166</u></u>

Financed Purchase

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

Year	Principal	Interest	Total
2025	\$82,000	\$35,010	\$117,010
2026	86,000	31,292	117,292
2027	90,000	27,391	117,391
2028	94,000	23,310	117,310
2029	98,000	19,047	117,047
2030-2032	<u><u>322,000</u></u>	<u><u>29,614</u></u>	<u><u>351,614</u></u>
Total	<u><u>\$772,000</u></u>	<u><u>\$165,664</u></u>	<u><u>\$937,664</u></u>

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

The School District's overall legal debt margin at June 30, 2024, was \$29,467,291, with an unvoted debt margin of \$421,162.

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

Note 16 - Fund Balances

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

West Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepaid Items	\$161,453	\$0	\$3,412	\$164,865
Materials and Supplies Inventory	11,919	0	1,569	13,488
<i>Total Nonspendable</i>	<i>173,372</i>	<i>0</i>	<i>4,981</i>	<i>178,353</i>
<u>Restricted for:</u>				
Debt Service	0	1,833,733	0	1,833,733
Classroom Facilities Maintenance	0	0	765,084	765,084
Local, State, and Federal Grants	0	0	8,586	8,586
Student Activities	0	0	67,676	67,676
Athletics and Music	0	0	72,911	72,911
Food Service Operations	0	0	805,430	805,430
<i>Total Restricted</i>	<i>0</i>	<i>1,833,733</i>	<i>1,719,687</i>	<i>3,553,420</i>
<u>Committed to:</u>				
Scholarships	0	0	23,922	23,922
Capital Projects	0	0	71,991	71,991
Purchases on Order	260,766	0	0	260,766
<i>Total Committed</i>	<i>260,766</i>	<i>0</i>	<i>95,913</i>	<i>356,679</i>
<u>Assigned to:</u>				
Capital Improvements	0	0	1,390,516	1,390,516
Public School Support	25,663	0	0	25,663
Purchases on Order	800,206	0	0	800,206
<i>Total Assigned</i>	<i>825,869</i>	<i>0</i>	<i>1,390,516</i>	<i>2,216,385</i>
Unassigned (Deficit)	10,137,628	0	(515,956)	9,621,672
<i>Total Fund Balances</i>	<i>\$11,397,635</i>	<i>\$1,833,733</i>	<i>\$2,695,141</i>	<i>\$15,926,509</i>

Note 17 - Significant Commitments

Encumbrances

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

Governmental Funds:	
General Fund	\$1,257,000
Nonmajor Governmental Funds	879,077
<i>Total</i>	<i>\$2,136,077</i>

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Construction Commitment

At June 30, 2024 the School District had the following construction commitment:

Project	Contract Amount	Amount Paid to Date	Amount Remaining
New Admin Center and Preschool Renovations	\$2,636,814	\$2,165,111	\$471,703

The project is being paid from the General Fund and the Elementary and Secondary School Emergency Relief Special Revenue Fund.

Note 18 - Set Asides

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

Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set-aside money for textbooks.

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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	335,721
Current Year Offsets	(1,434,208)
Total	<u>(\$1,098,487)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

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

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Note 19 - Jointly Governed Organizations

Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a regional council of governments computer consortium. LACA is an association which services twenty-six school districts, educational service centers, and community schools within the boundaries of Licking, Muskingum, Fairfield, Perry, and Knox Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The Board exercises total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. The School District's total payments to LACA for computer services for fiscal year 2024 were \$84,066. Financial statements for LACA can be obtained from the Licking Area Computer Association, 150 South Quentin Road, Newark, OH 43055.

Mid-East Career and Technology Center

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen-member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The Board exercises total control over the operations of the Center including budgeting, appropriating, contracting, and designating management. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2024, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Nanette Nolder, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

META

The School District participates in META Solutions (META), formerly the Metropolitan Educational Council (MEC), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2024, the School District made payments of \$740 to META. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of nineteen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2024, the School District paid \$400 to the Coalition for membership services. The financial information for the Coalition can be obtained from the Executive Director, at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

Note 20 - Insurance Purchasing Pools

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program

The School District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. Sedgwick is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Worker's Compensation (OBWC) and the Ohio Worker's Compensation Fund. This may be accomplished through the participation in a group rating or through a group retrospective rating. The School District has chosen to participate in the group retrospective rating program for fiscal year 2024. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

The School District participates in a group retrospective rating plan for workers' compensation as established under Section 4123-17-73 of the Ohio Administrative Code. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts. Each year, the participating school districts pay an enrollment fee to the program to cover the costs of the administering the program. During fiscal year 2024, the School District paid \$2,245 in enrollment fees to the Program.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Ohio School Plan

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

Ohio School Benefits Cooperative

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

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

Note 21 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

West Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Litigation

The School District is currently not party to legal proceedings.

Note 22 - COVID-19

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

Required Supplementary Information

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

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.04932260%	0.04782670%	0.05334340%	0.05515240%
School District's Proportionate Share of the Net Pension Liability	\$2,725,329	\$2,586,841	\$1,968,217	\$3,647,896
School District's Covered Payroll	\$1,964,829	\$1,791,579	\$1,814,914	\$1,936,629
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.71%	144.39%	108.45%	188.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.05637010%	0.05714010%	0.05765530%	0.06017550%	0.06293140%	0.06052000%
\$3,372,721	\$3,272,519	\$3,444,777	\$4,404,291	\$3,590,926	\$3,062,883
\$1,938,037	\$1,829,252	\$1,928,729	\$1,882,664	\$1,886,307	\$1,773,936
174.03%	178.90%	178.60%	233.94%	190.37%	172.66%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

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

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.05054490%	0.04881160%	0.05481140%	0.05721870%
School District's Proportionate Share of the Net OPEB Liability	\$832,699	\$685,322	\$1,037,351	\$1,243,549
School District's Covered Payroll	\$1,964,829	\$1,791,579	\$1,814,914	\$1,936,629
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.38%	38.25%	57.16%	64.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.05747760%	0.05754420%	0.05837870%	0.06072570%
\$1,445,441	\$1,596,432	\$1,566,731	\$1,730,907
\$1,938,037	\$1,829,252	\$1,928,729	\$1,882,664
74.58%	87.27%	81.23%	91.94%
15.57%	13.57%	12.46%	11.49%

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

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.045876620%	0.043789770%	0.045405893%	0.04679224%
School District's Proportionate Share of the Net Pension Liability	\$9,879,502	\$9,734,522	\$5,805,551	\$11,322,057
School District's Covered Payroll	\$6,286,200	\$5,682,679	\$5,595,571	\$5,639,879
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	157.16%	171.30%	103.75%	200.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
0.04871854%	0.05156992%	0.05406598%	0.05748131%	0.05576889%	0.05541196%
\$10,773,812	\$11,339,068	\$12,843,489	\$19,240,727	\$15,412,889	\$13,478,106
\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336	\$5,846,386	\$5,675,928
189.67%	193.55%	215.27%	317.64%	263.63%	237.46%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022	2021
School District's Proportion of the Net OPEB (Asset) Liability	0.045876620%	0.043789770%	0.045405893%	0.04679224%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$892,236)	(\$1,133,863)	(\$957,346)	(\$822,373)
School District's Covered Payroll	\$6,286,200	\$5,682,679	\$5,595,571	\$5,639,879
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.19%	-19.95%	-17.11%	-14.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.04871854%	0.05156992%	0.05406598%	0.05748131%
(\$806,896)	(\$828,675)	\$2,109,456	\$3,074,115
\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336
-14.21%	-14.14%	35.36%	50.75%
174.70%	176.00%	47.10%	37.30%

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

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$290,250	\$275,076	\$250,821	\$254,088	\$271,128
Contributions in Relation to the Contractually Required Contribution	<u>(290,250)</u>	<u>(275,076)</u>	<u>(250,821)</u>	<u>(254,088)</u>	<u>(271,128)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$2,073,214	\$1,964,829	\$1,791,579	\$1,814,914	\$1,936,629
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability					
Contractually Required Contribution (2)	\$33,900	\$35,826	\$31,408	\$34,322	\$36,698
Contributions in Relation to the Contractually Required Contribution	<u>(33,900)</u>	<u>(35,826)</u>	<u>(31,408)</u>	<u>(34,322)</u>	<u>(36,698)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.64%</u>	<u>1.82%</u>	<u>1.75%</u>	<u>1.89%</u>	<u>1.89%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.64%</u>	<u>15.82%</u>	<u>15.75%</u>	<u>15.89%</u>	<u>15.89%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

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

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

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$872,306	\$880,068	\$795,575	\$783,380	\$789,583
Contributions in Relation to the Contractually Required Contribution	<u>(872,306)</u>	<u>(880,068)</u>	<u>(795,575)</u>	<u>(783,380)</u>	<u>(789,583)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$6,230,757	\$6,286,200	\$5,682,679	\$5,595,571	\$5,639,879
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2015-2024 as STRS did not allocate any employer contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$795,234	\$820,204	\$835,269	\$848,027	\$818,494
(795,234)	(820,204)	(835,269)	(848,027)	(818,494)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,680,243	\$5,858,600	\$5,966,207	\$6,057,336	\$5,846,386
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

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

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

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

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

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

Changes in Assumptions - STRS

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

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

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

Investment rate of return:

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

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Changes in Benefit Term – STRS Pension

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Changes in Assumptions – STRS

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

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

West Muskingum Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

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

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

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



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

To the Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

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*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Muskingum Local School District, Muskingum County, Ohio (the "School District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 23, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

West Muskingum Local School District

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*

Page 2 of 2

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Zanesville, Ohio

December 23, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
West Muskingum Local School District
4880 West Pike
Zanesville, Ohio 43701

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Muskingum Local School District's (the "School District"), Muskingum County, Ohio, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School 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 School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

West Muskingum Local School District
Independent Auditor's Report on Compliance on the Major Federal Program and
Report on Internal Control over Compliance Required by the Uniform Guidance
Page 2 of 3

Auditor's Responsibility for the Audit of Compliance

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

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

Report on Internal Control Over Compliance

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

West Muskingum Local School District

Independent Auditor's Report on Compliance for Each Major Federal Program and

Report on Internal Control over Compliance Required by the Uniform Guidance

Page 3 of 3

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of 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.

Zanesville, Ohio

December 23, 2024

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution)				
School Breakfast Program	10.553	2023/2024	\$ -	\$ 16,966
National School Lunch Program	10.555	2023/2024	-	50,899
Non-Cash Assistance (Food Distribution) Subtotal			-	67,865
Cash Assistance				
School Breakfast Program	10.553	2023/2024	-	183,003
National School Lunch Program	10.555	2023/2024	-	549,010
COVID-19 National School Lunch Program (Supply Chain Disruption)	10.555	2023/2024	-	46,738
			-	778,751
Total Child Nutrition Cluster			-	846,616
Total U.S. Department of Agriculture			-	846,616
U.S. DEPARTMENT OF JUSTICE				
<i>Direct Program</i>				
COPS Office School Violence Prevention Program Solicitation	16.710		-	3,669
Total U.S. Department of Justice			-	3,669
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010A	2023	-	68,308
Title I Grants to Local Educational Agencies	84.010A	2024	-	354,598
Total Title I Grants to Local Educational Agencies			-	422,906
Special Education Cluster:				
Special Education Grants to States	84.027A	2023	-	46,187
Special Education Grants to States	84.027A	2024	-	340,355
COVID-19 ARP IDEA Part B Special Education	84.027X	2023	-	10,298
Total Special Education Grants to Local Educational Agencies			-	396,840
Special Education Preschool Grants (G)	84.173A	2024	-	15,181
Total Special Education Preschool Grants			-	15,181
Total Special Education Cluster			-	412,021
Language Instruction for English Learners (G)	84.365A	2024	-	2,228
Supporting Effective Instruction	84.367A	2023	-	6,775
Supporting Effective Instruction	84.367A	2024	-	61,479
Total Supporting Effective Instruction to Local Education Agencies			-	68,254
Student Support and Academic Enrichment	84.424F	2024	-	19,245
Student Support and Academic Enrichment	84.424A	2024	-	37,087
Total Student Support and Academic Enrichment			-	56,332
COVID-19 Elementary and Secondary School Emergency Relief Fund:				
ESSER II FY22	84.425D	2022	-	70,998
ESSER II FY23	84.425D	2023	-	168,682
ARP ESSER	84.425U	2023	-	1,647,876
Total COVID-19 Elementary and Secondary School Relief Fund			-	1,887,556
Total U.S. Department of Education			-	2,849,297
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Facilities Construction Commission</i>				
COVID-19: Ohio K-12 Safety Grant	21.027	N/A	-	300,000
Total U.S. Department of Treasury			-	300,000
Total Expenditures of Federal Awards			\$ -	\$3,999,582

The accompanying notes are an integral part of this schedule.

**WEST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Department of Justice COPS Grant requires a 25% match. The School District has not yet met its total matching requirements, based upon the grant project being partially complete at June 30, 2024. The matching requirement will be met as the COPS grant project progresses. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G – CONSORTIUM GRANT EXPENDITURES

During the fiscal year ended June 30, 2024, the School District passed/transferred grant fund allocations to the Licking Regional Educational Service Center for Title III English Learner totaling \$2,228 and Muskingum Valley Educational Service Center for Special Education – Preschool grant totaling \$15,181.

West Muskingum Local School District
Muskingum County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control 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 non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material control 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: Elementary and Secondary School Emergency Relief Fund	AL # 84.425D/84.425U
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

OHIO AUDITOR OF STATE KEITH FABER



WEST MUSKINGUM LOCAL SCHOOL DISTRICT

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/18/2025

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

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