

**MORGAN LOCAL SCHOOL DISTRICT  
MORGAN COUNTY**

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



**GUEYE & ASSOCIATES, CPA, INC.**

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Board of Education  
Morgan Local School District  
65 W. Union Avenue  
P.O. Box 509  
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of Morgan Local School District, Morgan County, prepared by Gueye & Associates, CPA, 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. Morgan Local School District is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

**June 26, 2025**

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**MORGAN LOCAL SCHOOL DISTRICT  
MORGAN COUNTY**

**JUNE 30, 2024**

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**MORGAN LOCAL SCHOOL DISTRICT  
MORGAN COUNTY**

**JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Morgan Local School District  
Morgan County  
65 W. Union Avenue  
P.O. Box 509  
McConnelsville, Ohio 43756

To the Board of Education:

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

#### ***Opinions***

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

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

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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


***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, reading "Guy D. Armstrong, CPA". The signature is stylized with a large, looped "G" and "A".

Columbus, Ohio  
March 31, 2025

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

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The discussion and analysis of the Morgan Local School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the 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 the fiscal year 2024 are as follows:

- Net position of governmental activities decreased \$1,574,434.
- Capital assets decreased in 2024, along with the net OPEB asset.

### **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 Morgan Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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

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

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

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 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 net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. 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.

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

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

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

***Fund Financial Statements***

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

***Governmental Funds*** All 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.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

***Fiduciary Funds*** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the School District's programs. The School District has no fiduciary fund activity in fiscal year 2024.

**Morgan 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
<b>Assets</b>			
Current and Other Assets	\$21,604,937	\$25,463,812	(\$3,858,875)
Net OPEB Asset	1,614,174	2,160,189	(546,015)
Capital Assets	37,811,525	38,537,058	(725,533)
Total Assets	61,030,636	66,161,059	(5,130,423)
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	47,336	51,873	(4,537)
Pension	4,949,496	5,817,650	(868,154)
OPEB	1,055,231	729,473	325,758
Total Deferred Outflows of Resources	6,052,063	6,598,996	(546,933)
<b>Liabilities</b>			
Current and Other Liabilities	3,414,282	4,270,585	(856,303)
Long-term Liabilities:			
Due Within One Year	320,088	234,724	85,364
Due in More Than One Year:			
Net Pension Liability	23,454,321	24,089,407	(635,086)
Net OPEB Liability	1,712,317	1,471,136	241,181
Other Amounts	2,826,856	3,032,380	(205,524)
Total Liabilities	31,727,864	33,098,232	(1,370,368)
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,983,783	8,385,961	(1,402,178)
Pension	1,761,046	2,418,324	(657,278)
OPEB	2,843,401	3,516,499	(673,098)
Total Deferred Inflows of Resources	11,588,230	14,320,784	(2,732,554)
<b>Net Position</b>			
Net Investment in Capital Assets	35,719,035	35,378,991	340,044
Restricted	5,191,693	4,318,540	873,153
Unrestricted (Deficit)	(17,144,123)	(14,356,492)	(2,787,631)
Total Net Position	\$23,766,605	\$25,341,039	(\$1,574,434)

**Morgan Local School District, Ohio**  
*Management's Discussion and Analysis*  
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The net pension liability is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets decreased in 2024. This decrease was mainly due to the decrease in capital assets, net OPEB asset, and intergovernmental receivables. The decrease in capital assets is due to the depreciation/amortization exceeding the additions for the fiscal year. Intergovernmental receivables decreased due to the grants available in 2024 and the decrease in federal monies related to COVID-19.

Total liabilities decreased in 2024 mainly due to the decrease in current and other liabilities and net pension liabilities. Current and other liabilities decreased due to the decreases in contracts payable, retainage payable, and unearned revenue. The decreases in contracts payable and retainage payable were due to the School District's stadium project. There were large payables in the prior year but no payables as of the current year end due to the timing of services provided. The decrease in unearned revenue was due to the decrease in federal monies related to COVID-19.

Table 2 shows the changes in net position for the fiscal year 2024 compared to fiscal year 2023.

**Morgan 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
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$684,588	\$698,775	(\$14,187)
Operating Grants, Contributions and Interest	5,071,683	5,291,766	(220,083)
Capital Grants and Contributions	155,573	3,997,936	(3,842,363)
Total Program Revenues	<u>5,911,844</u>	<u>9,988,477</u>	<u>(4,076,633)</u>
General Revenues:			
Property Taxes	11,477,025	11,347,380	129,645
Grants and Entitlements	13,768,505	14,232,666	(464,161)
Investment Earnings/Interest	470,124	369,115	101,009
Gift and Donations	2,975	13,709	(10,734)
Miscellaneous	507,845	287,448	220,397
Gain on Sale of Capital Assets	0	4,400	(4,400)
Total General Revenues	<u>26,226,474</u>	<u>26,254,718</u>	<u>(28,244)</u>
Total Revenues	<u>32,138,318</u>	<u>36,243,195</u>	<u>(4,104,877)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	11,064,502	10,521,663	542,839
Special	5,253,485	4,439,132	814,353
Vocational	1,555,317	1,484,942	70,375
Intervention	90,658	145,446	(54,788)
Support Services:			
Pupils	1,656,315	1,475,087	181,228
Instructional Staff	554,069	525,845	28,224
Board of Education	123,415	444,299	(320,884)
Administration	2,556,308	2,715,195	(158,887)
Fiscal	997,930	1,119,275	(121,345)
Business	79,825	65,903	13,922
Operation and Maintenance of Plant	3,978,542	3,278,277	700,265
Pupil Transportation	2,953,574	2,045,127	908,447
Central	83,526	72,360	11,166
Operation of Non-Instructional Services:			
Food Service Operations	1,588,501	1,447,279	141,222
Extracurricular Activities	1,120,004	1,061,926	58,078
Interest	56,781	68,834	(12,053)
Total Expenses	<u>33,712,752</u>	<u>30,910,590</u>	<u>2,802,162</u>
Change in Net Position	<u>(1,574,434)</u>	<u>5,332,605</u>	<u>(6,907,039)</u>
Net Position Beginning of Year	<u>25,341,039</u>	<u>20,008,434</u>	<u>5,332,605</u>
Net Position End of Year	<u>\$23,766,605</u>	<u>\$25,341,039</u>	<u>(\$1,574,434)</u>

**Morgan Local School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*  
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Total program revenues decreased from fiscal year 2023 to fiscal year 2024 primarily in the areas of capital grants and contributions. The funding from Elementary and Secondary School Emergency Relief grant decreased in 2024 causing the decrease in capital grants. Operating grants, contributions, and interest decreased during fiscal year 2024 due to a decrease in grant funding.

The DeRolph III decision has not eliminated the dependence on property taxes. 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 decreased as the property valuation increases thus generating about the same revenue. Property taxes made up approximately 36 percent of revenues for governmental activities for the School District in fiscal year 2024.

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

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2024	2024	2023	2023
<b>Program Expenses</b>				
Instruction:				
Regular	\$11,064,502	\$10,326,119	\$10,521,663	\$9,665,411
Special	5,253,485	2,579,592	4,439,132	1,912,223
Vocational	1,555,317	1,249,918	1,484,942	1,177,557
Intervention	90,658	15,274	145,446	(806)
Support Services:				
Pupils	1,656,315	1,390,425	1,475,087	1,349,237
Instructional Staff	554,069	412,332	525,845	323,409
Board of Education	123,415	123,415	444,299	444,299
Administration	2,556,308	2,549,558	2,715,195	2,680,116
Fiscal	997,930	974,417	1,119,275	1,099,444
Business	79,825	79,825	65,903	65,903
Operation and Maintenance of Plant	3,978,542	3,748,118	3,278,277	2,856,115
Pupil Transportation	2,953,574	2,827,211	2,045,127	1,783,223
Central	83,526	65,922	72,360	58,409
Operation of Non-Instructional Services:				
Food Service Operations	1,588,501	490,100	1,447,279	499,996
Extracurricular Activities	1,120,004	911,901	1,061,926	(3,061,257)
Interest	56,781	56,781	68,834	68,834
<b>Total</b>	<b>\$33,712,752</b>	<b>\$27,800,908</b>	<b>\$30,910,590</b>	<b>\$20,922,113</b>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2024, approximately 82 percent of instructional activities were supported through taxes and other general revenues.



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

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**The School District Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. The General Fund had total revenues of \$27,034,589, expenditures of \$28,329,558, and other financing use of \$387,500. The General Fund's balance decreased \$1,682,469.

The Classroom Facilities Maintenance Special Revenue Fund's balance decreased. This decrease is a direct result of the School District spending more towards the maintenance of the buildings than what has been collected in real estate taxes revenue during fiscal year 2024.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2024, the School District amended its General Fund appropriations. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$26,098,347 which was above final estimates of \$25,738,761. The \$359,586 difference was mainly due to an increase in amounts received through the State foundation and interest. The General Fund had final appropriations of \$31,124,444. This was \$216,758 above actual expenditures and other financing uses. This is due to the School District budgeting for contingencies and monitoring expenditures to keep them under budget. Original appropriated expenditures were increased \$103,877 across multiple expenditures.

The School District's ending unobligated General Fund balance was \$4,597,152.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2024, the School District had \$37,811,525 invested in land; construction in progress; land improvements; buildings and improvements; furniture, fixtures, and equipment; vehicles; intangible right to use equipment; and intangible right to use software. Table 4 shows fiscal year 2024 balances compared to 2023.

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

Table 4  
 Capital Assets  
 (Net of Depreciation/Amortization)  
 Governmental Activities

	2024	2023
Land	\$393,164	\$393,164
Construction in Progress	8,205,743	7,787,103
Land Improvements	601,754	590,158
Buildings and Improvements	26,758,724	27,998,381
Furniture, Fixtures, and Equipment	462,384	245,772
Vehicles	1,019,449	1,230,003
Intangible Right to Use Equipment	214,826	292,477
Intangible Right to Use Software	155,481	0
Totals	<u>\$37,811,525</u>	<u>\$38,537,058</u>

See Note 9 to the basic financial statements for more information on capital assets.

**Debt**

At June 30, 2024, the School District had \$1,925,000 in bonds and \$214,826 in leases outstanding.

Table 5  
 Outstanding Debt, at Fiscal Year End  
 Governmental Activities

	2024	2023
Leases	\$214,826	\$292,477
2017 Refunding Bonds	1,925,000	2,075,000
Totals	<u>\$2,139,826</u>	<u>\$2,367,477</u>

See Note 12 to the basic financial statements for more information on debt.

**Current Issues**

The Board of Education and administration of the School District must maintain careful financial planning and prudent fiscal management in order to ensure financial stability. In fiscal year 2022, the School District started the stadium project. The project has cost \$8,182,226 to date and has been funded through the General Fund, the Elementary and Secondary Schools Emergency Relief Grant Special Revenue Fund (ESSER), and the Permanent Improvement Capital Projects Fund.

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

This financial report is designed to provide our citizen's, 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 Susan Gable, Treasurer/CFO at Morgan Local School District, P.O. Box 509, McConnelsville, Ohio 43756. Or E-Mail at [sgable@morganschool.org](mailto:sgable@morganschool.org).

**Morgan Local School District, Ohio**  
*Statement of Net Position*  
June 30, 2024

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$9,970,917
Accounts Receivable	16,480
Materials and Supplies Inventory	10,226
Inventory Held for Resale	7,254
Intergovernmental Receivable	610,506
Prepaid Items	300,206
Property Taxes Receivable	10,689,348
Nondepreciable Capital Assets	8,598,907
Depreciable Capital Assets, Net	29,212,618
Net OPEB Asset	1,614,174
<i>Total Assets</i>	<u>61,030,636</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	47,336
Pension	4,949,496
OPEB	1,055,231
<i>Total Deferred Outflows of Resources</i>	<u>6,052,063</u>
<b>Liabilities</b>	
Accounts Payable	164,179
Accrued Wages and Benefits Payable	2,403,970
Matured Compensated Absences Payable	18,847
Accrued Interest Payable	3,802
Vacation Benefits Payable	115,433
Intergovernmental Payable	690,508
Claims Payable	17,543
Long-Term Liabilities:	
Due Within One Year	320,088
Due in More Than One Year:	
Net Pension Liability	23,454,321
Net OPEB Liability	1,712,317
Other Amounts	2,826,856
<i>Total Liabilities</i>	<u>31,727,864</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	6,983,783
Pension	1,761,046
OPEB	2,843,401
<i>Total Deferred Inflows of Resources</i>	<u>11,588,230</u>
<b>Net Position</b>	
Net Investment in Capital Assets	35,719,035
Restricted for:	
Debt Service	696,050
Classroom Facilities Maintenance	2,243,417
Food Service Operations	1,436
Local Initiatives	52,363
Preschool Programs	38,048
State Grant Programs	9,622
Student Managed Activities	90,225
District Managed Activities	19,821
Federal Grant Programs	16,748
Scholarships	403,917
OPEB	1,614,174
Library Materials:	
Expendable	872
Nonexpendable	5,000
Unrestricted (Deficit)	<u>(17,144,123)</u>
<i>Total Net Position</i>	<u>\$23,766,605</u>

See accompanying notes to the basic financial statements

**Morgan 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
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$11,064,502	\$81,600	\$642,799	\$13,984	(\$10,326,119)
Special	5,253,485	170,509	2,503,384	0	(\$2,579,592)
Vocational	1,555,317	42	305,357	0	(\$1,249,918)
Intervention	90,658	1,536	73,848	0	(\$15,274)
Support Services:					
Pupils	1,656,315	9,444	136,446	120,000	(1,390,425)
Instructional Staff	554,069	55	141,682	0	(412,332)
Board of Education	123,415	0	0	0	(123,415)
Administration	2,556,308	619	6,131	0	(2,549,558)
Fiscal	997,930	0	23,513	0	(974,417)
Business	79,825	0	0	0	(79,825)
Operation and Maintenance of Plant	3,978,542	160	230,264	0	(3,748,118)
Pupil Transportation	2,953,574	0	126,363	0	(2,827,211)
Central	83,526	28	17,576	0	(65,922)
Operation of Non-Instructional Services:					
Food Service Operations	1,588,501	234,081	864,320	0	(490,100)
Extracurricular Activities	1,120,004	186,514	0	21,589	(911,901)
Interest	56,781	0	0	0	(56,781)
<i>Totals</i>	<u>\$33,712,752</u>	<u>\$684,588</u>	<u>\$5,071,683</u>	<u>\$155,573</u>	<u>(27,800,908)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					10,239,350
Classroom Facilities Maintenance					158,611
Permanent Improvement					853,912
Debt Service					225,152
Grants and Entitlements not Restricted to Specific Programs					13,768,505
Investment Earnings/Interest					470,124
Gifts and Donations not Restricted to Specific Programs					2,975
Miscellaneous					507,845
<i>Total General Revenues</i>					<u>26,226,474</u>
<i>Change in Net Position</i>					<u>(1,574,434)</u>
<i>Net Position Beginning of Year</i>					<u>25,341,039</u>
<i>Net Position End of Year</i>					<u><u>\$23,766,605</u></u>

See accompanying notes to the basic financial statements

**Morgan Local School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2024*

	General Fund	Classroom Facilities Maintenance Special Revenue Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,920,457	\$2,194,702	\$1,826,418	\$9,941,577
Receivables:				
Property Taxes	9,554,089	143,259	992,000	10,689,348
Accounts	3,315	0	13,165	16,480
Intergovernmental	110,204	0	500,302	610,506
Interfund	317,821	0	0	317,821
Prepaid Items	283,458	0	16,748	300,206
Materials and Supplies Inventory	6,989	0	3,237	10,226
Inventory Held for Resale	0	0	7,254	7,254
<i>Total Assets</i>	<u>\$16,196,333</u>	<u>\$2,337,961</u>	<u>\$3,359,124</u>	<u>\$21,893,418</u>
<b>Liabilities</b>				
Accounts Payable	\$140,394	\$3,100	\$20,685	\$164,179
Accrued Wages and Benefits Payable	2,169,098	0	234,872	2,403,970
Matured Compensated Absences Payable	18,847	0	0	18,847
Interfund Payable	0	0	317,821	317,821
Intergovernmental Payable	654,382	0	36,126	690,508
<i>Total Liabilities</i>	<u>2,982,721</u>	<u>3,100</u>	<u>609,504</u>	<u>3,595,325</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	6,242,818	91,444	649,521	6,983,783
Unavailable Revenue	476,864	6,217	287,327	770,408
<i>Total Deferred Inflows of Resources</i>	<u>6,719,682</u>	<u>97,661</u>	<u>936,848</u>	<u>7,754,191</u>
<b>Fund Balances</b>				
Nonspendable	290,447	0	19,985	310,432
Restricted	0	2,237,200	1,309,118	3,546,318
Committed	76,927	0	0	76,927
Assigned	4,548,051	0	731,378	5,279,429
Unassigned (Deficit)	1,578,505	0	(247,709)	1,330,796
<i>Total Fund Balances</i>	<u>6,493,930</u>	<u>2,237,200</u>	<u>1,812,772</u>	<u>10,543,902</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$16,196,333</u>	<u>\$2,337,961</u>	<u>\$3,359,124</u>	<u>\$21,893,418</u>

See accompanying notes to the basic financial statements

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

<b>Total Governmental Fund Balances</b>		<b>\$10,543,902</b>
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,811,525
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	461,786	
Intergovernmental Revenues	223,513	
Customer Services	12,182	
Tuition and Fees	70,949	
Miscellaneous	<u>1,978</u>	770,408
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.		11,797
Deferred Outflows of Resources represent deferred charges on refundings which do not provide current financial resources and therefore are not reported in the funds.		47,336
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(3,802)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(115,433)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding Bonds Payable	(1,925,000)	
Leases	(214,826)	
Sick Leave Benefits Payable	<u>(1,007,118)</u>	(3,146,944)
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:		
Deferred Outflows - Pension	4,949,496	
Deferred Inflows - Pension	(1,761,046)	
Net Pension Liability	(23,454,321)	
Deferred Outflows - OPEB	1,055,231	
Deferred Inflows - OPEB	(2,843,401)	
Net OPEB Liability	(1,712,317)	
Net OPEB Asset	<u>1,614,174</u>	<u>(22,152,184)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$23,766,605</u></u>

See accompanying notes to the basic financial statements

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

	General Fund	Classroom Facilities Maintenance Special Revenue Fund	(Formerly Major) Elementary and Secondary School Emergency Relief Special Revenue Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$10,314,490	\$159,621		\$1,088,126	\$11,562,237
Intergovernmental	15,470,719	10,126		3,185,338	18,666,183
Investment Earnings/Interest	470,124	0		16,635	486,759
Customer Services	0	0		234,384	234,384
Tuition and Fees	268,484	0		13,995	282,479
Extracurricular Activities	0	0		190,332	190,332
Gifts and Donations	9,760	0		155,150	164,910
Rent	160	0		0	160
Miscellaneous	500,852	0		5,015	505,867
<i>Total Revenues</i>	<u>27,034,589</u>	<u>169,747</u>		<u>4,888,975</u>	<u>32,093,311</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	10,058,146	2,639		680,538	10,741,323
Special	3,757,561	0		1,296,751	5,054,312
Vocational	1,517,618	0		16,488	1,534,106
Intervention	0	0		90,312	90,312
Support Services:					
Pupils	1,406,745	0		233,340	1,640,085
Instructional Staff	533,627	0		3,267	536,894
Board of Education	154,465	0		0	154,465
Administration	2,466,947	0		0	2,466,947
Fiscal	972,415	5,386		66,836	1,044,637
Business	75,550	0		0	75,550
Operation and Maintenance of Plant	3,118,910	441,181		222,987	3,783,078
Pupil Transportation	2,811,900	0		3,019	2,814,919
Central	67,630	0		17,915	85,545
Operation of Non-Instructional Services:					
Food Service Operations	5,031	0		1,479,827	1,484,858
Extracurricular Activities	873,250	0		244,857	1,118,107
Capital Outlay	426,972	0		350,570	777,542
Debt Service:					
Principal Retirement	77,651	0		150,000	227,651
Interest	5,140	0		47,400	52,540
<i>Total Expenditures</i>	<u>28,329,558</u>	<u>449,206</u>		<u>4,904,107</u>	<u>33,682,871</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,294,969)</u>	<u>(279,459)</u>		<u>(15,132)</u>	<u>(1,589,560)</u>
<b>Other Financing Source (Use)</b>					
Transfers In	0	0		387,500	387,500
Transfers Out	(387,500)	0		0	(387,500)
<i>Total Other Financing Source (Use)</i>	<u>(387,500)</u>	<u>0</u>		<u>387,500</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,682,469)</u>	<u>(279,459)</u>		<u>372,368</u>	<u>(1,589,560)</u>
<i>Fund Balances Beginning of Year:</i>					
As Previously Reported	8,176,399	2,516,659	22,485	1,417,919	12,133,462
Adjustment: Change from Major Fund to Nonmajor Fund - See Note 3	0	0	(22,485)	22,485	0
<i>Adjusted Fund Balances Beginning of Year</i>	<u>8,176,399</u>	<u>2,516,659</u>	<u>-</u>	<u>1,440,404</u>	<u>12,133,462</u>
<i>Fund Balances End of Year</i>	<u>\$6,493,930</u>	<u>\$2,237,200</u>		<u>\$1,812,772</u>	<u>\$10,543,902</u>

See accompanying notes to the basic financial statements

**Morgan 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*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	(\$1,589,560)
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*Amounts reported for governmental activities in the statement of activities are different because*

Governmental funds report capital outlays as expenditures. However, on 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 depreciation/amortization exceeded capital outlay:

Capital Asset Additions	1,167,029	
Current Year Depreciation/Amortization	<u>(1,892,562)</u>	(725,533)

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

Delinquent Property Taxes	(85,212)	
Intergovernmental Revenues	151,008	
Tuition and Fees	(22,464)	
Customer Services	(303)	
Miscellaneous	<u>1,978</u>	45,007

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

Refunding Bonds Payable	150,000	
Leases	<u>77,651</u>	227,651

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities:

Amortization of Deferred Amount on Refunding	(4,537)	
Interest Payable	<u>296</u>	(4,241)

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

Vacation Benefits Payable	(11,984)	
Sick Leave Benefits Payable	<u>(107,491)</u>	(119,475)

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

Pension	2,396,297	
OPEB	<u>71,916</u>	2,468,213

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

Pension	(1,972,087)	
OPEB	<u>139,744</u>	(1,832,343)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(44,153)

<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$1,574,434)</u></u>
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See accompanying notes to the basic financial statements



**Morgan 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
	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Property Taxes	\$9,143,982	\$9,143,982	\$9,001,839	(\$142,143)
Intergovernmental	15,541,032	15,541,032	15,886,852	345,820
Interest	337,888	337,888	470,181	132,293
Tuition and Fees	332,941	332,941	265,363	(67,578)
Gifts and Donations	2,975	2,975	2,975	0
Rent	0	0	160	160
Miscellaneous	379,943	379,943	470,977	91,034
<i>Total Revenues</i>	<u>25,738,761</u>	<u>25,738,761</u>	<u>26,098,347</u>	<u>359,586</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	9,527,481	21,977,154	10,310,006	11,667,148
Special	3,480,824	762,624	3,766,646	(3,004,022)
Vocational	1,386,200	279,309	1,503,322	(1,224,013)
Support Services:				
Pupils	1,351,146	377,792	1,452,915	(1,075,123)
Instructional Staff	506,101	78,031	544,271	(466,240)
Board of Education	269,697	634,607	238,093	396,514
Administration	2,420,658	282,741	2,515,983	(2,233,242)
Fiscal	1,125,280	613,687	1,168,882	(555,195)
Business	70,718	1,000	76,112	(75,112)
Operation and Maintenance of Plant	3,528,582	1,697,776	3,554,860	(1,857,084)
Pupil Transportation	3,348,707	1,823,622	3,013,071	(1,189,449)
Central	64,126	1,500	70,008	(68,508)
Extracurricular Activities	942,946	510,079	887,422	(377,343)
Capital Outlay	2,241,310	1,327,731	1,335,804	(8,073)
Debt Service:				
Principal	77,651	77,651	77,651	0
Interest	5,140	5,140	5,140	0
<i>Total Expenditures</i>	<u>30,346,567</u>	<u>30,450,444</u>	<u>30,520,186</u>	<u>(69,742)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(4,607,806)</u>	<u>(4,711,683)</u>	<u>(4,421,839)</u>	<u>289,844</u>
<b>Other Financing Use</b>				
Transfers Out	<u>(674,000)</u>	<u>(674,000)</u>	<u>(387,500)</u>	<u>286,500</u>
<i>Net Change in Fund Balance</i>	<u>(5,281,806)</u>	<u>(5,385,683)</u>	<u>(4,809,339)</u>	<u>576,344</u>
<i>Fund Balance Beginning of Year</i>	<u>7,022,982</u>	<u>7,022,982</u>	<u>7,022,982</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>2,383,509</u>	<u>2,383,509</u>	<u>2,383,509</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,124,685</u></u>	<u><u>\$4,020,808</u></u>	<u><u>\$4,597,152</u></u>	<u><u>\$576,344</u></u>

See accompanying notes to the basic financial statements

**Morgan Local School District, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Classroom Facilities Maintenance Special Revenue Fund  
For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$133,900	\$133,900	\$139,351	\$5,451
Intergovernmental	10,100	10,100	10,126	26
<i>Total Revenues</i>	<u>144,000</u>	<u>144,000</u>	<u>149,477</u>	<u>5,477</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	3,059	(3,059)
Support Services:				
Fiscal	5,000	5,000	5,386	(386)
Operation and Maintenance of Plant	488,701	1,159,817	1,152,820	6,997
Capital Outlay	85,000	85,000	84,470	530
<i>Total Expenditures</i>	<u>578,701</u>	<u>1,249,817</u>	<u>1,245,735</u>	<u>4,082</u>
<i>Net Change in Fund Balance</i>	(434,701)	(1,105,817)	(1,096,258)	9,559
<i>Fund Balance Beginning of Year</i>	2,175,849	2,175,849	2,175,849	0
Prior Year Encumbrances Appropriated	<u>338,701</u>	<u>338,701</u>	<u>338,701</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,079,849</u></u>	<u><u>\$1,408,733</u></u>	<u><u>\$1,418,292</u></u>	<u><u>\$9,559</u></u>

See accompanying notes to the basic financial statements

**Morgan Local School District, Ohio**

*Statement of Fund Net Position*

*Internal Service Fund*

*June 30, 2024*

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	Self Insurance
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$29,340
<b>Current Liabilities</b>	
Claims Payable	17,543
<b>Net Position</b>	
Unrestricted	\$11,797

See accompanying notes to the basic financial statements

**Morgan Local School District, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Internal Service Fund  
For the Fiscal Year Ended June 30, 2024*

	Self Insurance
<b>Operating Revenues</b>	
Charges for Services	\$206,182
<b>Operating Expenses</b>	
Purchased Services	24,376
Claims	225,959
<i>Total Operating Expenses</i>	250,335
<i>Operating Loss</i>	(44,153)
<i>Net Position Beginning of Year</i>	55,950
<i>Net Position End of Year</i>	\$11,797
See accompanying notes to the basic financial statements	

**Morgan Local School District, Ohio**  
*Statement of Cash Flows*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2024*

	<u>Self Insurance</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Transactions with Other Funds	\$206,182
Cash Payments to Suppliers for Services	(24,376)
Cash Payments for Claims	<u>(223,633)</u>
<i>Net Cash Used for Operating Activities</i>	(41,827)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>71,167</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$29,340</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$44,153)
<b>Changes in Assets and Liabilities</b>	
Increase in Claims Payable	<u>2,326</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$41,827)</u></u>
See accompanying notes to the basic financial statements	

## **Morgan Local School District, Ohio**

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

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### **NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Morgan 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 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.

Morgan Local School District is a countywide school district located in Morgan County, in the heart of Southeast Ohio, the Appalachian region of the State. The School District is nestled between Zanesville and Marietta on the scenic Muskingum River. Incorporating all of Morgan County's 421 square miles, the School District is, in terms of physical size, the third largest district in Ohio. The county is substantially rural with a population of nearly 13,646.

The School District is a consolidation of seven small communities. Prior to 1966, each community had a kindergarten through 12<sup>th</sup> grade building. In 1966, a consolidated high school was built to serve Morgan County and the seven different community buildings were converted to kindergarten through 8<sup>th</sup> grade buildings. In late 2002, the School District completed three new elementary schools and a new middle school. Seven old elementary buildings were sold by the School District.

The School District is staffed by 109 classified employees and 153 certificated personnel who provide services to 1,527 students and other community members. The School District currently operates five instructional buildings, one administrative office site, and one garage.

#### ***Reporting Entity:***

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Morgan Local School District, this includes general operations, food service, preschool, vocational instruction, 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 benefit to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association, the Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Benefits Cooperative (OSBC). These organizations are presented in Notes 20 and 21 to the basic financial statements.

## **Morgan Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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#### **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:

##### **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 the fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District has no business-type activities.

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

***Fund Financial Statements*** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. The School District has no fiduciary funds.

##### **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 two categories of funds: governmental and proprietary.

## **Morgan Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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**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 liabilities is reported as fund balance. The following are the School District's major governmental funds:

**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 or transferred according to the general laws of Ohio.

**Classroom Facilities Maintenance Special Revenue Fund** The Classroom Facilities Maintenance Special Revenue Fund accounts for and reports monies received from the proceeds of levies for the capital maintenance of existing school buildings.

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

The Elementary and Secondary School Emergency Relief Fund is presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as a formerly major fund as it no longer meets the quantitative threshold to be a major fund. Other than the beginning fund balance, no amounts are presented in the column as the fund's 2024 activity is presented in the other nonmajor governmental funds column. Information for the beginning balance is presented to reflect the movement from major to nonmajor. The adjusted balance beginning of year includes a “-” to indicate this amount is included with the nonmajor fund.

**Proprietary Fund Type** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund:

**Internal Service Fund** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee vision, prescription drug, and dental claims. The School District ended their self-insurance program for medical during 2019.

### **Measurement Focus**

**Government-wide Financial Statements** Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position.

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



## **Morgan Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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

#### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, 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 and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from 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, intergovernmental, investments earnings/interest, customer services, tuition and fees, and rent.

***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 represent 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 plans. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources

## **Morgan Local School District, Ohio**

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

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include property taxes, pension, 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 fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, miscellaneous revenues, and customer services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 15. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

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

The purpose of 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.

#### **Budgetary Process**

All funds, other than 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 set 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 maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations at the function and object level within each fund.

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 amended certificate in effect when final appropriations for the fiscal year were passed.

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

#### **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 School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

## **Morgan Local School District, Ohio**

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

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During fiscal year 2024, investments consisted of nonparticipating certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings/interest. Investment earnings/interest credited to the General Fund during fiscal year 2024 amounted to \$470,124, which includes \$181,100 assigned from other School District funds.

#### **Inventory**

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

#### **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.

#### **Capital Assets**

The School District's only capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets and subscription 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 certain assets by back trending (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. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets, except land and construction in progress, are depreciated/amortized. 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	50 years
Buildings and Improvements	20 - 50 Years
Furniture, Fixtures, and Equipment	5 - 10 Years
Vehicles	5 - 10 Years

The School District is reporting intangible right to use assets related to lease and subscription assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

## **Morgan Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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#### **Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans, cash deficits, or interfund services provided or used are classified as “interfund receivables/payables.” These amounts are eliminated on the statement of net position.

#### **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”, rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year earned.

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 for classified and certified employees with seventeen or more years of current service with the School District.

The entire compensated absences liability is reported on the government-wide financial statements. . On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which these payments will be made.

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

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

#### **Leases/SBITAs**

The School District serves as lessee in various noncancellable leases which are 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 in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

## **Morgan Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. The School District's subscriptions were paid before the commencement date. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets 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 net position. Payments of interfund services provided and used are not eliminated.

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

#### **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 prepaids for all governmental fund types.

**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. Under Ohio law, amounts paid into any fund, including by transfer, shall have the same constraints placed on the use of funds as those externally imposed by creditors, grantors, contributors, or laws or regulations of other Governments.



## **Morgan Local School District, Ohio**

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

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

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the 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's Board of Education, in the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2025's appropriated budget. 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 nonmajor governmental funds, the unassigned classification is used only to report a deficit balance.

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

#### **Deferred Charge on Refunding**

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

#### **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/amortization, 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 first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restricted Net Position for Pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plan for future benefits.

## **Morgan Local School District, Ohio**

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

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#### **Operating Revenues and Expenses**

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

#### **Estimates**

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

#### **NOTE 3 - ACCOUNTING CHANGES**

##### ***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 were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and the GASB Implementation Guides did not have any effect on beginning net position/fund balance.

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 reclassified the amounts presented as net position restricted for an OPEB plan and unrestricted net position.

##### ***Changes within the Financial Reporting Entity***

For fiscal year 2024, the Elementary and Secondary School Emergency Relief Special Revenue Fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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**NOTE 4 – FUND DEFICITS**

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

	<u>Deficits</u>
<b>Special Revenue Funds:</b>	
Miscellaneous Federal Grants	\$143,794
Title I	45,469
IDEA-B	30,701
Lunchroom	11,729
Early Childhood Education	9,386
Public Preschool	3,347
Title II-A	46

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

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund and the Classroom Facilities Maintenance Special Revenue Fund are 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 committed or assigned fund balance for governmental fund types (GAAP).
4. Unrecorded cash, prepaid items, and negative cash advances to other funds are reported on the GAAP Basis but not on 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 tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements:



## Morgan Local School District, Ohio

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

	General	Classroom Facilities Maintenance Special Revenue
GAAP Basis	(\$1,682,469)	(\$279,459)
Revenue Accruals	(718,604)	(20,270)
Expenditure Accruals	(581,686)	(20,119)
Beginning:		
Unreported Cash	186	0
Prepaid Items	227,400	0
Negative cash advances to other funds	136,976	0
Ending:		
Unreported Cash	(129)	0
Prepaid Items	(283,458)	0
Negative cash advances to other funds	(316,626)	0
To reclassify excess of revenues and other sources of financial resources over expenditures into financial statement fund types	2,985	0
Encumbrances	(1,593,914)	(776,410)
Budget Basis	(\$4,809,339)	(\$1,096,258)

#### **NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**Morgan Local School District, Ohio**

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

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**NOTE 7 - PROPERTY TAXES AND 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.

## Morgan Local School District, Ohio

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 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 2024 represents collections of calendar year 2023 taxes. Public utility real property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

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

The amount available as an advance at June 30, 2024, was \$2,906,590 in the General Fund, \$60,623 in the Bond Retirement Debt Service Fund, \$230,968 in the Permanent Improvement Special Revenue Fund, and \$45,598 Classroom Facilities Special Revenue Fund. The amount available as an advance at June 30, 2023, was \$1,593,939 in the General Fund, \$31,958 in the Bond Retirement Debt Service Fund, \$118,359 in the Permanent Improvement Special Revenue Fund, and \$25,328 Classroom Facilities Special Revenue Fund.

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

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
Agricultural/Residential	\$238,571,960	59.75%	\$238,422,180	59.42%
Commerical/Industrial and Public Utility Real	18,498,790	4.63%	18,588,820	4.63%
Public Utility Personal	142,238,860	35.62%	144,239,670	35.95%
	<u>\$399,309,610</u>	<u>100.00%</u>	<u>\$401,250,670</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$33.54		\$33.53

## Morgan Local School District, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Tax rates are adjusted according to the amount needed for the retirement of debt service.

#### Abatements

The School District's property taxes were reduced as follows under enterprise zone agreements entered into by overlapping governments:

<u>Overlapping Government</u>	<u>Amount of Fiscal Year 2024 Taxes Abated</u>
<i>Enterprise Zone Tax Exemptions:</i>	
Morgan County	\$25,034

#### NOTE 8 - RECEIVABLES

Receivables at June 30, 2024, consisted primarily of property taxes, intergovernmental receivables arising from entitlements and shared revenues, interfund, and accounts (billings for service). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$461,786 as of June 30, 2024.

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities</b>	<b>Amounts</b>
Title I-A	\$149,377
RUS Rural Grant	138,615
IDEA-B Special Education	110,454
Foundation Receivable	71,681
Early Childhood Education Grant	37,928
Ohio Department of Education and Workforce	24,151
ARP Homeless Round II	17,359
ARP ESSER	13,699
Carl Perkins	12,535
Stronger Connections Grant	11,902
Ohio Department of Taxation - Fuel Refund	5,605
Ohio Valley Education Service Center	4,885
Title II-A	3,916
Ohio Medicaid	2,813
Ohio Department of Development	2,000
IDEA Early Childhood Special Education	1,688
Morgan County DD	1,069
Title V-B Rural and Low Income	538
Title IV-A	291
Total	<u>\$610,506</u>

#### NOTE 9 - CAPITAL ASSETS

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

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
<b>Governmental Activities</b>				
<b><i>Nondepreciable Capital Assets</i></b>				
Land	\$393,164	\$0	\$0	\$393,164
Construction in Progress	7,787,103	418,640	0	8,205,743
<b><i>Total Nondepreciable Capital Assets</i></b>	<b>8,180,267</b>	<b>418,640</b>	<b>0</b>	<b>8,598,907</b>
<b><i>Depreciable Capital Assets</i></b>				
<b><i>Tangible Assets</i></b>				
Land Improvements	3,450,879	36,590	0	3,487,469
Buildings and Improvements	53,219,356	197,173	0	53,416,529
Furniture, Fixtures, and Equipment	3,801,320	328,049	0	4,129,369
Vehicles	3,624,726	0	0	3,624,726
<b><i>Total Tangible Assets</i></b>	<b>64,096,281</b>	<b>561,812</b>	<b>0</b>	<b>64,658,093</b>
<b><i>Intangible Right to Use</i></b>				
<b><i>Lease Assets</i></b>				
Intangible Right to Use - Furniture, Fixtures, and Equipment	413,960	0	0	413,960
<b><i>Subscription Assets</i></b>				
Intangible Right to Use - Software	0	186,577	0	186,577
<b><i>Total Intangible Assets</i></b>	<b>413,960</b>	<b>186,577</b>	<b>0</b>	<b>600,537</b>
<b><i>Total Depreciable/Amortizable Capital Assets</i></b>	<b>64,510,241</b>	<b>748,389</b>	<b>0</b>	<b>65,258,630</b>
<b><i>Less Accumulated Depreciation/Amortization</i></b>				
<b><i>Depreciation</i></b>				
Land Improvements	(2,860,721)	(24,994)	0	(2,885,715)
Buildings and Improvements	(25,220,975)	(1,436,830)	0	(26,657,805)
Furniture, Fixtures, and Equipment	(3,555,548)	(111,437)	0	(3,666,985)
Vehicles	(2,394,723)	(210,554)	0	(2,605,277)
<b><i>Total Depreciation</i></b>	<b>(34,031,967)</b>	<b>(1,783,815)</b>	<b>0</b>	<b>(35,815,782)</b>
<b><i>Amortization</i></b>				
<b><i>Intangible Right to Use</i></b>				
<b><i>Lease Assets</i></b>				
Intangible Right to Use - Furniture, Fixtures, and Equipment	(121,483)	(77,651)	0	(199,134)
<b><i>Subscription Assets</i></b>				
Intangible Right to Use - Software	0	(31,096)	0	(31,096)
<b><i>Total Intangible Assets</i></b>	<b>(121,483)</b>	<b>(108,747)</b>	<b>0</b>	<b>(230,230)</b>
<b><i>Total Accumulated Depreciation/Amortization</i></b>	<b>(34,153,450)</b>	<b>(1,892,562)</b>	<b>0</b>	<b>(36,046,012)</b>
<b><i>Total Depreciable Capital Assets, Net</i></b>	<b>30,356,791</b>	<b>(1,144,173)</b>	<b>0</b>	<b>29,212,618</b>
<b><i>Governmental Activities Capital Assets, Net</i></b>	<b>\$38,537,058</b>	<b>(\$725,533)</b>	<b>\$0</b>	<b>\$37,811,525</b>

## Morgan Local School District, Ohio

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

Depreciation/Amortization expense was charged to governmental activities as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government:			
Instruction:			
Regular	\$636,687	\$31,096	\$667,783
Special	272,071	0	272,071
Vocational	43,409	0	43,409
Support Services:			
Pupils	64,350	77,651	142,001
Instructional Staff	28,707	0	28,707
Administration	151,588	0	151,588
Fiscal	24,136	0	24,136
Business	6,765	0	6,765
Operation and Maintenance of Plant	206,320	0	206,320
Pupil Transportation	170,076	0	170,076
Food Service Operations	127,343	0	127,343
Extracurricular Activities	52,363	0	52,363
Total	<u>\$1,783,815</u>	<u>\$108,747</u>	<u>\$1,892,562</u>

#### **Note 10 - Defined Benefit Pension Plans**

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

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

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

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

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

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



## Morgan Local School District, Ohio

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not 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.

## **Morgan Local School District, Ohio**

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

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

The School District's contractually required contribution to SERS was \$602,249 for fiscal year 2024. Of this amount, \$94,660 is reported as an intergovernmental payable.

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

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

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

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

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



## **Morgan Local School District, Ohio**

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

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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 \$1,794,048 for fiscal year 2024. Of this amount, \$409,748 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:

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.10100410%	0.08299687%	
Prior Measurement Date	<u>0.10249260%</u>	<u>0.08342647%</u>	
Change in Proportionate Share	<u>-0.00148850%</u>	<u>-0.00042960%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$5,580,997	\$17,873,324	\$23,454,321
Pension Expense	\$577,458	\$1,394,629	\$1,972,087

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$239,884	\$651,624	\$891,508
Changes of assumptions	39,533	1,471,965	1,511,498
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	150,193	150,193
School District contributions subsequent to the measurement date	<u>602,249</u>	<u>1,794,048</u>	<u>2,396,297</u>
Total Deferred Outflows of Resources	<u>\$881,666</u>	<u>\$4,067,830</u>	<u>\$4,949,496</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$39,662	\$39,662
Changes of assumptions	0	1,107,967	1,107,967
Net difference between projected and actual earnings on pension plan investments	78,446	53,567	132,013
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	<u>119,457</u>	<u>361,947</u>	<u>481,404</u>
Total Deferred Inflows of Resources	<u>\$197,903</u>	<u>\$1,563,143</u>	<u>\$1,761,046</u>

\$2,396,297 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$16,129)	(\$291,852)	(\$307,981)
2026	(244,234)	(605,953)	(850,187)
2027	337,720	1,739,802	2,077,522
2028	<u>4,157</u>	<u>(131,358)</u>	<u>(127,201)</u>
Total	<u>\$81,514</u>	<u>\$710,639</u>	<u>\$792,153</u>

## Morgan Local School District, Ohio

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

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#### ***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)

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

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

## Morgan Local School District, Ohio

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

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	100.00 %	

**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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$8,237,266	\$5,580,997	\$3,343,596

### Actuarial Assumptions - STRS

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

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

## Morgan Local School District, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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:

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	100.00%	

\* 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:

**Morgan Local School District, Ohio**

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$27,485,217	\$17,873,324	\$9,744,293

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2024, two Board Members have elected Social Security. The contribution rate is 6.2 percent of wages.

**Note 11 - Postemployment Benefits**

See Note 10 for a description of the net OPEB liability (asset).

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

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

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.



## **Morgan Local School District, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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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 \$71,916.

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 \$71,916 for fiscal year 2024, all 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 for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an 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:

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.10393770%	0.08299687%	
Prior Measurement Date	<u>0.10478100%</u>	<u>0.08342647%</u>	
Change in Proportionate Share	<u>-0.00084330%</u>	<u>-0.00042960%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$1,712,317	\$0	\$1,712,317
Net OPEB (Asset)	\$0	(\$1,614,174)	(\$1,614,174)
OPEB Expense	(\$107,238)	(\$32,506)	(\$139,744)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$3,567	\$2,516	\$6,083
Changes of assumptions	578,985	237,792	816,777
Net difference between projected and actual earnings on OPEB plan investments	13,271	2,882	16,153
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	130,709	13,593	144,302
School District contributions subsequent to the measurement date	<u>71,916</u>	<u>0</u>	<u>71,916</u>
Total Deferred Outflows of Resources	<u>\$798,448</u>	<u>\$256,783</u>	<u>\$1,055,231</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$883,105	\$246,201	\$1,129,306
Changes of assumptions	486,314	1,065,008	1,551,322
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>160,700</u>	<u>2,073</u>	<u>162,773</u>
Total Deferred Inflows of Resources	<u>\$1,530,119</u>	<u>\$1,313,282</u>	<u>\$2,843,401</u>

\$71,916 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, or an increase in the net OPEB asset, 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:



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


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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$246,657)	(\$464,787)	(\$711,444)
2026	(214,421)	(215,766)	(430,187)
2027	(129,574)	(83,045)	(212,619)
2028	(88,426)	(111,985)	(200,411)
2029	(79,168)	(102,681)	(181,849)
Thereafter	<u>(45,341)</u>	<u>(78,235)</u>	<u>(123,576)</u>
Total	<u>(\$803,587)</u>	<u>(\$1,056,499)</u>	<u>(\$1,860,086)</u>

***Actuarial Assumptions – SERS***

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

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

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

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

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


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	June 30, 2023
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate,	
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 was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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 10.

**Morgan 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 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 (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$2,188,830	\$1,712,317	\$1,336,566

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,257,980	\$1,712,317	\$2,314,374

**Actuarial Assumptions – STRS**

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

# Morgan Local School District, Ohio

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

	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 10.

**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

# Morgan Local School District, Ohio

## Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,366,187)	(\$1,614,174)	(\$1,830,145)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,840,167)	(\$1,614,174)	(\$1,341,971)

### **NOTE 12 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/23	Additions	Deductions	Principal Outstanding 6/30/24	Amounts Due Within One Year
Bonds from Direct Placement:					
2017 Refunding Bonds:					
Serial Bonds - 2.37%	\$2,075,000	\$0	\$150,000	\$1,925,000	\$155,000
Net Pension Liability:					
STRS	18,545,810	0	672,486	17,873,324	0
SERS	5,543,597	37,400	0	5,580,997	0
Total Net Pension Liability	24,089,407	37,400	672,486	23,454,321	0
Net OPEB Liability - SERS	1,471,136	241,181	0	1,712,317	0
Leases Payable	292,477	0	77,651	214,826	79,219
Sick Leave Benefits Payable	899,627	185,603	78,112	1,007,118	85,869
Total Long-Term Obligations	\$28,827,647	\$464,184	\$978,249	\$28,313,582	\$320,088

Sick leave benefits are paid from the General Fund. There are no repayment schedules for the net pension and the net OPEB liabilities. However, employee pension contributions are made from the following funds: the General Fund and the Early Childhood Education, District Managed Activities, Public Preschool, IDEA-B, Title I, Title II-A, and Lunchroom Special Revenue Funds. For additional information related to the net pension and net OPEB liabilities, see Notes 10 and 11.

On December 5, 2017, the School District issued Refunding Bonds consisting of \$5,720,000 in serial bonds. The refunding bonds will mature on December 1, 2034. These bonds were issued to current refund the 2006 Refunding Serial Bonds in the amount of \$3,190,000 and the remaining balance of the 2007 School Facilities Construction and Improvement Bonds in the amount of \$2,530,000. The current refunded portion of the bonds, as well as the unamortized deferred outflow of resources deferred charge on refunding of \$90,248, the unamortized premiums in the amount of \$45,087, and the unamortized discount in the amount of \$12,593, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$77,132. This difference, reported in the accompanying financial statements as a deferred outflow of resources deferred charge on refunding, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2024 was \$4,537.

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

The School District's outstanding bonds for direct placement of \$3,605,000, are backed by the full faith and credit of the School District. The 2017 Refunding Bonds are subject to optional redemption prior to maturity, in whole or in part at any time on or after December 1, 2029, at the price per par, plus accrued interest to the date of redemption.

Principal and interest requirements to retire the 2017 bonds outstanding at June 30, 2024, are as follows:

Fiscal Year Ending	Serial	
	Principal	Interest
2025	\$155,000	\$43,785
2026	160,000	40,052
2027	165,000	36,201
2028	165,000	32,291
2029	170,000	28,322
2030-2034	915,000	78,627
2035	195,000	2,311
Total	<u>\$1,925,000</u>	<u>\$261,589</u>

The School District's overall legal debt margin was \$34,876,810, with an unvoted debt margin of \$401,251 at June 30, 2024.

**Leases**

The School District has outstanding agreements for printers and 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 interest method over the life of the lease. The leases will be paid from the General Fund. A summary of the principal and interest amounts to be paid from the General Fund for the leases is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$79,219	\$3,573	\$82,792
2026	80,818	1,974	82,792
2027	54,789	334	55,123
	<u>\$214,826</u>	<u>\$5,881</u>	<u>\$220,707</u>

**NOTE 13 - INTERFUND BALANCES AND TRANSFERS**

**Interfund Balances**

Interfund balances at June 30, 2024, consist of individual fund receivables and payables of \$317,821 due to cash deficits and money owed to the General Fund from the IDEA-B Special Revenue Fund for reimbursement of expenses.

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

	Interfund Receivable	Interfund Payable
General Fund	\$317,821	\$0
Other Nonmajor Governmental Funds:		
Early Childhood Education	0	14,742
Elementary Secondary School Emergency Relief	0	27,903
Public Preschool	0	1,522
Drug Free Schools	0	12,193
IDEA-B	0	43,918
Title I	0	56,806
Vocational Education	0	12,535
Title II-A	0	3,870
Miscellaneous Federal Grants	0	144,332
Total Other Nonmajor Governmental Funds	0	317,821
Total All Funds	\$317,821	\$317,821

**Transfers**

The School District had a transfer from the General Fund to the District Managed Activities Special Revenue Fund in for \$47,500 and to the Lunchroom Special Revenue Fund for \$340,000. The transfers were made to use unrestricted revenues collected in the General Fund to finance the programs accounted for in the other funds in accordance with budgetary authorizations.

**NOTE 14 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted for the following insurance coverage:

Coverage provided by Peoples Insurance is as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$350,000,000
General Liability:	
Per occurrence	1,000,000
Annual Aggregate Limit	3,000,000
Excess Coverage	4,000,000
Employee Benefits Liability (\$1,000 deductible):	
Per occurrence	1,000,000
Annual Aggregate Limit	3,000,000
Excess Coverage	4,000,000
Educator's Legal Liability (\$15,000 deductible):	
Per occurrence/Annual Aggregate Limit	1,000,000
Automobile Liability (\$1,000 Comprehensive/\$1,000 collision):	
Bodily Injury and Property Damage (each accident)	1,000,000
Uninsured Motorists (No deductible)	1,000,000
Excess Coverage	4,000,000

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



## Morgan Local School District, Ohio

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

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management Inc. provides administrative, cost control, and actuarial services to the GRP.

Dental, vision, and prescription insurance was offered to employees through a self-insurance internal service fund. The School District contracted with a third party administrator to handle stop-loss coverage. Monthly premiums for the cost of claims are remitted to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$17,543 reported in the internal service fund at June 30, 2024, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Beginning January 1, 2019, the School District went to a fully funded medical insurance plan and is no longer self-insured for medical.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2023	\$20,149	\$214,537	\$219,469	\$15,217
2024	15,217	225,959	223,633	17,543

#### **NOTE 15 - EMPLOYEE BENEFITS**

##### **Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified and administrative employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days cannot be carried forward for more than one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 255 days for certified employees and a maximum of 230 days for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 63.75 days for certified and 57.5 days for classified employees.

##### **Other Employee Insurances**

The School District provides medical, dental, and vision insurance for all eligible employees. The School District pays between 85 percent of medical premiums, 100 percent of dental premiums, 100 percent of single plan vision coverage, and 30 percent of the cost of the family vision coverage premium. Premiums are paid from the same funds that pay the employees' salaries.



**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

The School District provides life insurance and accidental death and dismemberment insurance through Metropolitan Education Council, in the amount of \$30,000 for all employees.

**NOTE 16 - SET-ASIDE CALCULATIONS**

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

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

	Capital Improvements
Set-aside Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	345,490
Offsetting Credits	(2,582,794)
Qualifying Disbursements	(139,351)
Total	<u>(\$2,376,655)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital 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.

**NOTE 17 - SIGNIFICANT COMMITMENTS**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrances 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 governmental encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$1,593,914
Classroom Facilities Maintenance	776,410
Nonmajor Funds	<u>1,085,413</u>
Total	<u>\$3,455,737</u>

**Contractual Commitments**

As of June 30, 2024, the School District's contractual purchase commitments are as follows:

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

Project	Fund	Contract Amount	Amount Expended	Balance at 06/30/24
Stadium	Elementary Secondary School Emergency Relief	\$491,871	\$486,481	\$5,390
	General	8,177,255	7,367,939	809,316
	Permanent Improvement	327,806	327,806	0
Track	General	13,410	0	13,410
Concession	General	97,517	23,517	74,000
		<u>\$9,107,859</u>	<u>\$8,205,743</u>	<u>\$902,116</u>

**NOTE 18 - DONOR-RESTRICTED ENDOWMENTS**

The School District's permanent fund includes a donor-restricted endowment. Net Position - Library Materials – Nonexpendable of \$5,000 represents the principal portion of the endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body \$872 and is included as Net Position – Library Materials – Expendable. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicated that the interest should be used to purchase library materials each fiscal year.

**NOTE 19 - 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 nonmajor governmental funds are presented below:

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

Fund Balances	General	Classroom Facilities Maintenance Special Revenue Fund	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Prepays	\$283,458	\$0	\$16,748	\$300,206
Materials and Supplies Inventory	6,989	0	3,237	10,226
<i>Total Nonspendable</i>	<u>290,447</u>	<u>0</u>	<u>19,985</u>	<u>310,432</u>
<u>Restricted for:</u>				
Debt Service	0	0	689,250	689,250
Classroom Facilities Maintenance	0	2,237,200	0	2,237,200
Local Initiatives	0	0	52,363	52,363
State Grant Programs	0	0	9,622	9,622
District Managed Activities	0	0	19,821	19,821
Student Managed Activities	0	0	90,225	90,225
Intervention	0	0	38,048	38,048
Scholarships	0	0	403,917	403,917
Library Operations	0	0	5,872	5,872
<i>Total Restricted</i>	<u>0</u>	<u>2,237,200</u>	<u>1,309,118</u>	<u>3,546,318</u>
<u>Committed to:</u>				
Purchases on Order	76,927	0	0	76,927
<u>Assigned to:</u>				
Purchases on Order	1,396,646	0	0	1,396,646
Capital Improvements	0	0	731,378	731,378
Public School Support	45,807	0	0	45,807
Assigned to Subsequent Year's Appropriations	<u>3,105,598</u>	<u>0</u>	<u>0</u>	<u>3,105,598</u>
<i>Total Assigned</i>	<u>4,548,051</u>	<u>0</u>	<u>731,378</u>	<u>5,279,429</u>
Unassigned (Deficit):	<u>1,578,505</u>	<u>0</u>	<u>(247,709)</u>	<u>1,330,796</u>
<i>Total Fund Balances</i>	<u>\$6,493,930</u>	<u>\$2,237,200</u>	<u>\$1,812,772</u>	<u>\$10,543,902</u>

**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS**

**Metropolitan Educational Technology Association (META)**

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, 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

## **Morgan Local School District, Ohio**

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

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Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2024, the School District paid \$184,957 for services with META. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

#### **Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The CORAS is operated by a nineteen-member board composed of one elected and one appointed (one appointed seat is empty) from each of the eight regions into which the 32 Appalachian counties are divided, one dean appointment from the Ohio University College of Education, and three ex-officio members. The board exercises total control over the operations of the CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The CORAS 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 CORAS 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 CORAS. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 50 South Young Street, Suite M-102, Columbus, Ohio 43215.

#### **NOTE 21 - INSURANCE PURCHASING POOLS**

##### **Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the plan. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

##### **Ohio School Benefits Cooperative (OSBC)**

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool composed of 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. The first option is that 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

**Morgan Local School District, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2024*

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administrator. The School District participates in option one for medical coverage and the second option for dental and vision insurance. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of school district superintendents and or treasurers elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC.

**NOTE 22 - 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 terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, 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.

**School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. DEW adjustments for fiscal year 2024 were finalized in November 2024.

**Litigation**

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

**NOTE 23 - 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 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines

**Morgan 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	0.10100410%	0.10249260%	0.10463780%	0.09670190%
School District's Proportionate Share of the Net Pension Liability	\$5,580,997	\$5,543,597	\$3,860,831	\$6,396,067
School District's Covered Payroll	\$3,669,450	\$4,133,371	\$3,589,800	\$3,467,164
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	152.09%	134.12%	107.55%	184.48%
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
0.09812870%	0.09583750%	0.09726550%	0.09677590%	0.09620050%	0.08845300%
\$5,871,212	\$5,488,791	\$5,811,398	\$7,083,103	\$5,489,294	\$4,476,556
\$3,378,444	\$3,222,770	\$3,112,157	\$3,002,414	\$2,916,100	\$2,585,636
173.78%	170.31%	186.73%	235.91%	188.24%	173.13%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

**Morgan 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	0.082996870%	0.083426470%	0.084013741%	0.082042030%
School District's Proportionate Share of the Net Pension Liability	\$17,873,324	\$18,545,810	\$10,741,912	\$19,851,252
School District's Covered Payroll	\$10,872,207	\$10,838,564	\$10,429,607	\$9,816,371
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	164.39%	171.11%	102.99%	202.23%
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
0.085012780%	0.083054950%	0.081928980%	0.076338070%	0.081767640%	0.082662900%
\$18,800,065	\$18,261,919	\$19,462,405	\$25,552,654	\$22,598,184	\$20,106,476
\$9,967,893	\$9,496,614	\$9,119,129	\$8,118,886	\$8,494,493	\$8,459,354
188.61%	192.30%	213.42%	314.73%	266.03%	237.68%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

**Morgan 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
School District's Proportion of the Net OPEB Liability	0.10393770%	0.10478100%	0.10749580%
School District's Proportionate Share of the Net OPEB Liability	\$1,712,317	\$1,471,136	\$2,034,446
School District's Covered Payroll	\$3,669,450	\$4,133,371	\$3,589,800
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	46.66%	35.59%	56.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%

(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

2021	2020	2019	2018	2017
0.10005970%	0.09999080%	0.09682600%	0.09822240%	0.09732110%
\$2,174,626	\$2,514,558	\$2,686,215	\$2,636,031	\$2,774,011
\$3,467,164	\$3,378,444	\$3,222,770	\$3,112,157	\$3,002,414
62.72%	74.43%	83.35%	84.70%	92.39%
18.17%	15.57%	13.57%	12.46%	11.49%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
School District's Proportion of the Net OPEB Liability (Asset)	0.0829968700%	0.083426470%	0.084013741%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,614,174)	(\$2,160,189)	(\$1,771,361)
School District's Covered Payroll	\$10,872,207	\$10,838,564	\$10,429,607
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.85%	-19.93%	-16.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	82.86%

(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

2021	2020	2019	2018	2017
0.082042030%	0.085012780%	0.083054950%	0.081928980%	0.076338070%
(\$1,441,887)	(\$1,408,016)	(\$1,334,608)	\$3,196,566	\$4,082,580
\$9,816,371	\$9,967,893	\$9,496,614	\$9,119,129	\$8,118,886
-14.69%	-14.13%	-14.05%	35.05%	50.28%
182.10%	174.70%	176.00%	47.10%	37.30%

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

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$602,249	\$513,723	\$578,672	\$502,572
Contributions in Relation to the Contractually Required Contribution	<u>(602,249)</u>	<u>(513,723)</u>	<u>(578,672)</u>	<u>(502,572)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,301,779	\$3,669,450	\$4,133,371	\$3,589,800
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$71,916	\$76,004	\$68,221	\$67,212
Contributions in Relation to the Contractually Required Contribution	<u>(71,916)</u>	<u>(76,004)</u>	<u>(68,221)</u>	<u>(67,212)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.67%</u>	<u>2.07%</u>	<u>1.65%</u>	<u>1.87%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.67%</u>	<u>16.07%</u>	<u>15.65%</u>	<u>15.87%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$485,403	\$456,090	\$435,074	\$435,702	\$420,338	\$384,342
(485,403)	(456,090)	(435,074)	(435,702)	(420,338)	(384,342)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,467,164	\$3,378,444	\$3,222,770	\$3,112,157	\$3,002,414	\$2,916,100
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$62,920	\$75,243	\$66,642	\$51,315	\$46,024	\$71,248
(62,920)	(75,243)	(66,642)	(51,315)	(46,024)	(71,248)
\$0	\$0	\$0	\$0	\$0	\$0
1.81%	2.23%	2.07%	1.65%	1.53%	2.44%
15.81%	15.73%	15.57%	15.65%	15.53%	15.62%

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

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,794,048	\$1,522,109	\$1,517,399	\$1,460,145
Contributions in Relation to the Contractually Required Contribution	<u>(1,794,048)</u>	<u>(1,522,109)</u>	<u>(1,517,399)</u>	<u>(1,460,145)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$12,814,629	\$10,872,207	\$10,838,564	\$10,429,607
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</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



2020	2019	2018	2017	2016	2015
\$1,374,292	\$1,395,505	\$1,329,526	\$1,276,678	\$1,136,644	\$1,189,229
(1,374,292)	(1,395,505)	(1,329,526)	(1,276,678)	(1,136,644)	(1,189,229)
\$0	\$0	\$0	\$0	\$0	\$0
\$9,816,371	\$9,967,893	\$9,496,614	\$9,119,129	\$8,118,886	\$8,494,493
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

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

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

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with a 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 years 2017 and prior are presented below:

**Morgan 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 Years 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 Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

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

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

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

For fiscal years 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 ages 90 and above. Females younger than age 80 are set back four years, one-year set-back from ages 80 through 89, and no setback from ages 90 and above.

**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.

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

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

### 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

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

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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 return of 7.45.

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

For fiscal year 2023, the projected salary increases were changed from age-based 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.

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.

**MORGAN LOCAL SCHOOL DISTRICT  
MORGAN COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Program</i>			
Distance Learning and Telemedicine Grants	10.855	2023	159,588
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2024	88,932
Cash Assistance:			
School Breakfast Program	10.553	2023	29,347
School Breakfast Program	10.553	2024	154,649
National School Lunch Program	10.555	2023	79,701
National School Lunch Program	10.555	2024	436,501
COVID-19 National School Lunch Program	10.555	2024	48,238
Total Cash Assistance:			<u>748,436</u>
Total Child Nutrition Cluster			<u>837,368</u>
School Meal Equipment	10.579	2024	<u>13,984</u>
Total U.S. Department of Agriculture			1,010,940
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010	2023	78,171
Title I Grants to Local Educational Agencies	84.010	2024	<u>536,037</u>
Total Title I Grants to Local Educational Agencies			614,208
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	2023	69,496
Special Education - Grants to States	84.027	2024	373,976
COVID-19 Special Education - Grants to States	84.027X	2023	<u>6,143</u>
Total Special Education - Grants to States			449,615
Special Education - Preschool Grants			
Special Education - Preschool Grants	84.173	2023	2,911
Special Education - Preschool Grants	84.173	2024	<u>15,460</u>
Total Special Education - Preschool Grants			<u>18,371</u>
Total Special Education Cluster (IDEA)			467,986
Vocational Education Basic Grants to States	84.048	2024	15,860
21st Century Community Learning Centers	84.287C	2023	4,546
Rural and Low Income Grants	84.358B	2024	36,447
Supporting Effective Instruction State Grants	84.367	2023	10,493
Supporting Effective Instruction State Grants	84.367	2024	<u>59,972</u>
Total Supporting Effective Instruction State Grants			70,465
Student Support and Academic Enrichment Program	84.424	2023	26,448
Student Support and Academic Enrichment Program	84.424	2024	19,750
Strong Connections	84.424F	2024	<u>11,902</u>
Total Student Support and Academic Enrichment Program			58,100
Education Stabilization Fund:			
ARP Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	2023	295,809
ARP Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	2024	127,695
ARP Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	2023	6,935
ARP Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	2024	<u>111,193</u>
Total Education Stabilization Fund:			<u>541,632</u>
Total U.S. Department of Education			<u>1,809,244</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed through Ohio Facilities Construction Commission</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	2023	12,879
Coronavirus State and Local Fiscal Recovery Funds	21.027	2024	<u>210,108</u>
Total U.S. Department of Treasury			222,987
<b>Total Expenditures of Federal Awards</b>			<b><u>3,043,171</u></b>

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

**MORGAN LOCAL SCHOOL DISTRICT  
MORGAN 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 the Morgan Local School District (the District's) programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE E - CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>Federal AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 17,370
Support Effective Instruction State Grants	84.367	\$ 87,179
Student Support and Academic Enrichment Grants	84.424	\$ 11,407
Rural Education	84.358	\$ 32,482
Special Education Grants to States	84.027	\$ 4,688



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

Morgan Local School District  
Morgan County  
65 W. Union Avenue  
P.O. Box 509  
McConnelsville, Ohio 43756

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Morgan Local School District, Morgan County, Ohio (The District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 31, 2025.

### ***Internal Control Over Financial Reporting***

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

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

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

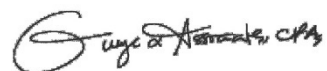


***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink, appearing to read "Guy A. Hensley, CPA". The signature is stylized with a large, looped initial "G".

Columbus, Ohio  
March 31, 2025



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

Morgan Local School District  
Morgan County  
65 W. Union Avenue  
P.O. Box 509  
McConnelsville, Ohio 43756

To the Board of Education:

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

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

We have audited the Morgan Local School District's, Morgan County, Ohio (the District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Morgan Local School District's major federal programs for the year ended June 30, 2024. Morgan Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Morgan Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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

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

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

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

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

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

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

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

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

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

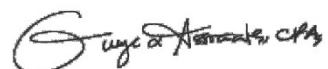
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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.

**Report on Internal Control Over Compliance (Suite)**

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

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

A handwritten signature in black ink, appearing to read "Guy A. Harnack, CPA". The signature is stylized with a large initial "G" and a cursive script.

Columbus, Ohio  
March 31, 2025

**MORGAN LOCAL SCHOOL DISTRICT  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

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

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

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**MORGAN LOCAL SCHOOL DISTRICT**

**MORGAN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/8/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)