



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY  
JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Southwest Licking Local School District  
Licking County  
927-A South Street  
Pataskala, Ohio 43062

To the Board of Education:

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

#### ***Opinions***

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Licking Local School District, Licking 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 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 modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

#### ***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.

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 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.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for 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 in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion & analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 15, 2025

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# **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

As management of the Southwest Licking Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024, within the limitations of the District's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

### **Financial Highlights**

- Net position of governmental activities decreased \$9,629,362 during the fiscal year.
- The District's general receipts are primarily property taxes, income taxes, and intergovernmental aid. These receipts represent 46.5 percent, 12.3 percent, and 34.3 percent of the total cash received, respectively, for governmental activities during the year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was approximately \$47.6 million, or 98.2 percent of total General Fund fund balance.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-wide Financial Statements.** The Statement of Net Position – Modified Cash Basis presents the cash balances and investments of the governmental activities of the District at year end.

The Statement of Activities – Modified Cash Basis compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are governmental funds.

# SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)

### *Governmental Funds*

The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds were the General Fund, Building Fund, and Classroom Facilities Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The District adopts an annual appropriated budget. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the District's own programs. The accounting for the fiduciary funds is much like that used for proprietary funds.

**Notes to the Basic Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

An analysis of fiscal year 2024 in comparison with fiscal year 2023 follows for the Statement of Net Position – Modified Cash Basis:

	2024	2023	Change
Cash and Cash Equivalents and Investments	\$ 79,650,558	\$ 89,279,920	-10.79%
Total Assets	<u>79,650,558</u>	<u>89,279,920</u>	-10.79%
Restricted for:			
Debt Service	3,375,304	3,445,929	-2.05%
Capital Outlay	18,628,030	38,341,798	-51.42%
Permanent Improvements	1,098,192	1,399,861	-21.55%
State and Federal Grants	267,902	1,001,372	-73.25%
Food Service	2,825,414	2,293,881	23.17%
Extracurricular Activities	618,160	504,403	22.55%
Classroom Facilities Maintenance	1,893,773	1,655,000	14.43%
Other Purposes	24,292	26,595	-8.66%
Unrestricted	<u>50,919,491</u>	<u>40,611,081</u>	25.38%
Total Net Position	<u>\$ 79,650,558</u>	<u>\$ 89,279,920</u>	-10.79%

# **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

### **Government-wide Financial Analysis (continued)**

As mentioned previously, net position of governmental activities decreased in comparison with the prior year.

A significant portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing obligations to citizens and creditors.

An analysis of fiscal year 2024 in comparison with fiscal year 2023 follows for the Statement of Activities – Modified Cash Basis:

	<b>2024</b>	<b>2023</b>
<b>Program Receipts</b>		
Charges for Services	\$ 2,545,828	\$ 2,477,457
Operating Grants	4,304,652	5,720,548
Capital Contributions	5,466,691	6,803,150
<b>General Receipts</b>		
Property Taxes	33,344,332	28,324,116
Income Taxes	8,810,672	9,007,057
Grants and Entitlements	24,636,815	20,571,899
Payments in Lieu of Taxes	1,401,113	1,420,433
Sale of Capital Assets	8,185	11,719
Investment Earnings	3,248,719	1,607,959
Insurance Recoveries	2,607	16,039
Miscellaneous	270,682	573,374
Total Receipts	<u>84,040,296</u>	<u>76,533,751</u>
<b>Program Disbursements</b>		
Instructional	33,117,827	29,974,434
Support Services	22,792,614	20,594,552
Non-instructional	2,053,402	2,494,929
Extracurricular Activities	2,033,521	5,538,279
Capital Outlay	27,720,269	10,569,936
Principal Payments	2,330,000	2,690,000
Interest and Fiscal Charges	3,622,025	3,688,883
Total Disbursements	<u>93,669,658</u>	<u>75,551,013</u>
Change in Net Position	<u>(9,629,362)</u>	<u>982,738</u>
Net Position at Beginning of Year	<u>89,279,920</u>	<u>88,297,182</u>
Net Position at End of Year	<u>\$ 79,650,558</u>	<u>\$ 89,279,920</u>

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

#### **Government-wide Financial Analysis (continued)**

Operating grants decreased significantly in comparison with the prior fiscal year. This decrease is due to a decrease in COVID funding throughout the year compared to prior year fiscal year.

Property Taxes increased in comparison with the prior fiscal year. This increase is the result of an increase in assessed valuation.

Capital Contributions decreased in comparison with the previous year. This decrease is the result of completion of the OFCC project winding down.

Grants and Entitlements increased significantly in comparison to the prior fiscal year. This increase is primarily the result of an increase in the base cost per pupil allocation of the Ohio Department of Education and Workforce foundation funding paired with an increase in enrollment at the district.

Investment earnings increased significantly in comparison with the prior fiscal year. This increase is the result of an increase in interest rates and realized gains.

Capital outlay disbursements increased significantly in comparison with the prior fiscal year. This increase is due to the OFCC Master Plan Project which includes renovation and construction of two elementary schools.

Extracurricular Activities disbursements decreased significantly during the fiscal year. This decrease is due to the prior year disbursements increasing due to the district building six tennis courts, two softball fields, and a baseball field in prior year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

#### **Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

An analysis of fiscal year 2024 in comparison with fiscal year 2023 follows:

<u>Fund:</u>	As of		
	June 30, 2024	June 30, 2023	Change
General Fund	\$ 48,526,759	\$ 38,220,652	26.96%
Building Fund	12,381,258	25,772,706	-51.96%
Classroom Facilities Fund	6,246,772	12,569,092	-50.30%
Other Governmental Funds	12,495,769	12,717,470	-1.74%
Total Fund Balance	<u>\$ 79,650,558</u>	<u>\$ 89,279,920</u>	<u>-10.79%</u>

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2024 (UNAUDITED)**

The fund balance of the General Fund increased during the fiscal year. General Fund receipts increased during the fiscal year, primarily as a result of an increase in property taxes. The District saw a significant increase in property tax values for second half collection. General Fund disbursements increased as well during the fiscal year.

The Building Fund decreased significantly during the fiscal year. This decrease represents the amount in which capital outlay exceeded investment earnings relating to the OFCC project.

The Classroom Facilities Fund decreased during the fiscal year. This decrease is due to the amount in which capital outlay exceeded investment earnings relating to the OFCC project.

#### **General Fund Budget Information**

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

Final estimated resources and appropriations exceeded both the original estimated resources and appropriations.

Actual receipts and other financing sources exceeded the final receipts and other financing sources estimate, primarily as a result of greater than expected investment income and property taxes. Final appropriations were slightly lower than actual expenditures and other financing uses.

#### **Capital Assets**

The District is not required to disclose capital assets on the modified cash basis of accounting but has elected to do so in the note disclosures. At the end of the fiscal year, the District had an increase in comparison with the prior fiscal year. This increase represents the amount by which current year additions exceeded depreciation expense and net disposals. Detailed information regarding capital asset activity can be found in the Note 10 to the basic financial statements.

#### **Debt**

At the end of the fiscal year, the District had a decrease from prior fiscal year. This decrease is due to principal payments made throughout the year.

Detailed information regarding long-term obligations can be found in Note 11 to the basic financial statements. At fiscal year-end, the District was not subject to state consents/special needs approval due to its participation in a Commission program and qualifying for an exception to the approval requirements.

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

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information you may contact Richard D. Jones, Treasurer/CFO, Southwest Licking Local School District, 927-A South Street, Pataskala, Ohio 43062 or E-Mail at [rdjones@laca.org](mailto:rdjones@laca.org).

**Southwest Licking Local School District**  
**Licking County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*June 30, 2024*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 78,065,191
Restricted Cash and Cash Equivalents	17,268
Cash and Cash Equivalents in Segregated Accounts	137
Investments	1,567,962
<i>Total Assets</i>	<b><u>\$ 79,650,558</u></b>
<b>Net Position</b>	
Restricted for:	
Capital Outlay	\$ 18,628,030
Debt Service	3,375,304
Other Purposes	24,292
Permanent Improvements	1,098,192
Food Services	2,825,414
State and Federal Grants	267,902
Extracurricular Activities	618,160
Classroom Facilities Maintenance	1,893,773
Unrestricted	50,919,491
<i>Total Net Position</i>	<b><u>\$ 79,650,558</u></b>

See accompanying notes to the basic financial statements.

**Southwest Licking Local School District**  
**Licking County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Fiscal Year Ended June 30, 2024*

	Program Cash Receipts					Net (Disbursements) Receipts and Changes in Net Position	
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities		
					-	-	
<b>Governmental Activities</b>							
Instruction:							
Regular	\$ 22,271,394	\$ 647,749	\$ 331,600	\$ -	\$ -		(21,292,045)
Special	10,006,858	252,973	1,460,258	-	-		(8,293,627)
Vocational	578,552	-	-	-	-		(578,552)
Other	261,023	-	-	-	-		(261,023)
Support Services:							
Pupils	4,053,260	-	591,641	-	-		(3,461,619)
Instructional Staff	1,850,407	1,909	160,742	7,015	-		(1,680,741)
Board of Education	154,680	-	-	-	-		(154,680)
Administration	4,534,627	91	637	-	-		(4,533,899)
Fiscal	1,556,578	194	-	714	-		(1,555,670)
Business	66,596	45	-	167	-		(66,384)
Operation and Maintenance of Plant	5,102,259	1,155	23,870	4,242	-		(5,072,992)
Pupil Transportation	4,774,741	5,162	65,091	18,969	-		(4,685,519)
Central	699,466	198	2,286	729	-		(696,253)
Operation of Non-Instructional Services:							
Food Service Operations	2,035,697	1,072,978	1,487,498	-	-		524,779
Community Services	17,705	-	66	-	-		(17,639)
Other	-	-	94,495	-	-		94,495
Extracurricular Activities	2,033,521	562,829	86,468	6,161	-		(1,378,063)
Capital Outlay	27,720,269	545	-	5,428,694	-		(22,291,030)
Debt Service:							
Principal Retirement	2,330,000	-	-	-	-		(2,330,000)
Interest and Fiscal Charges	3,622,025	-	-	-	-		(3,622,025)
<i>Totals</i>	<u>\$ 93,669,658</u>	<u>\$ 2,545,828</u>	<u>\$ 4,304,652</u>	<u>\$ 5,466,691</u>			<u>(81,352,487)</u>
<b>General Receipts</b>							
Property Taxes Levied for:							
General Purposes							27,521,284
Debt Service							3,936,692
Capital Outlay							1,886,356
Income Taxes Levied for:							
General Purposes							8,810,672
Grants and Entitlements not Restricted to Specific Programs							24,636,815
Payments in Lieu of Taxes							1,401,113
Proceeds from Sale of Capital Assets							8,185
Insurance Recoveries							2,607
Investment Earnings							3,248,719
Miscellaneous							270,682
<i>Total General Receipts</i>							<u>71,723,125</u>
<i>Change in Net Position</i>							(9,629,362)
<i>Net Position Beginning of Year</i>							89,279,920
<i>Net Position End of Year</i>							<u>\$ 79,650,558</u>

See accompanying notes to the basic financial statements.

**Southwest Licking Local School District**  
**Licking County, Ohio**  
*Statement of Assets and Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*June 30, 2024*

	General	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 48,509,491	\$ 11,059,155	\$ 6,000,913	\$ 12,495,632	\$ 78,065,191
Restricted Cash and Cash Equivalents	17,268	-	-	-	17,268
Cash and Cash Equivalents in Segregated Accounts	-	-	-	137	137
Investments	-	1,322,103	245,859	-	1,567,962
<i>Total Assets</i>	<b><u>\$ 48,526,759</u></b>	<b><u>\$ 12,381,258</u></b>	<b><u>\$ 6,246,772</u></b>	<b><u>\$ 12,495,769</u></b>	<b><u>\$ 79,650,558</u></b>
<b>Fund Balances</b>					
Nonspendable	\$ 17,035	\$ -	\$ -	\$ -	\$ 17,035
Restricted	233	12,381,258	6,246,772	10,085,769	28,714,032
Committed	566,465	-	-	-	566,465
Assigned	310,231	-	-	2,410,000	2,720,231
Unassigned	47,632,795	-	-	-	47,632,795
<i>Total Fund Balances</i>	<b><u>\$ 48,526,759</u></b>	<b><u>\$ 12,381,258</u></b>	<b><u>\$ 6,246,772</u></b>	<b><u>\$ 12,495,769</u></b>	<b><u>\$ 79,650,558</u></b>

*See accompanying notes to the basic financial statements.*

**Southwest Licking Local School District**  
**Licking County, Ohio**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balances - Modified Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2024*

	General	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 27,521,283	\$ -	\$ -	\$ 5,823,048	\$ 33,344,331
Income Taxes	8,810,672	-	-	-	8,810,672
Intergovernmental	24,347,045	-	5,426,691	4,393,829	34,167,565
Investment Income	1,781,253	697,626	706,616	176,125	3,361,620
Tuition and Fees	863,875	-	-	-	863,875
Extracurricular Activities	185,778	-	-	375,465	561,243
Gifts and Donations	21,820	-	-	105,872	127,692
Charges for Services	-	-	-	1,072,978	1,072,978
Payments in Lieu of Taxes	-	-	-	1,401,113	1,401,113
Rent	36,847	-	-	10,886	47,733
Miscellaneous	241,042	-	-	29,640	270,682
<i>Total Receipts</i>	<i>63,809,615</i>	<i>697,626</i>	<i>6,133,307</i>	<i>13,388,956</i>	<i>84,029,504</i>
<b>Disbursements</b>					
Current:					
Instruction:					
Regular	21,771,405	-	-	499,989	22,271,394
Special	8,462,480	-	-	1,544,378	10,006,858
Vocational	578,552	-	-	-	578,552
Other	162,052	-	-	98,971	261,023
Support Services:					
Pupils	3,061,980	-	-	991,280	4,053,260
Instructional Staff	1,387,390	-	-	463,017	1,850,407
Board of Education	154,680	-	-	-	154,680
Administration	4,533,962	-	-	665	4,534,627
Fiscal	1,467,861	3,804	1,301	83,612	1,556,578
Business	60,196	-	-	6,400	66,596
Operation and Maintenance of Plant	4,837,944	-	-	264,315	5,102,259
Pupil Transportation	3,945,880	-	-	828,861	4,774,741
Central	669,156	-	-	30,310	699,466
Extracurricular Activities	1,413,843	11,633	-	608,045	2,033,521
Operation of Non-Instructional Services:					
Food Service Operations	-	-	-	2,035,697	2,035,697
Community Services	10,064	-	-	7,641	17,705
Capital Outlay	988,093	15,201,111	11,454,326	76,739	27,720,269
Debt Service:					
Principal Retirement	-	-	-	2,330,000	2,330,000
Interest and Fiscal Charges	-	-	-	3,622,025	3,622,025
<i>Total Disbursements</i>	<i>53,505,538</i>	<i>15,216,548</i>	<i>11,455,627</i>	<i>13,491,945</i>	<i>93,669,658</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>10,304,077</i>	<i>(14,518,922)</i>	<i>(5,322,320)</i>	<i>(102,989)</i>	<i>(9,640,154)</i>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	7,185	-	-	1,000	8,185
Insurance Recoveries	2,607	-	-	-	2,607
Advances In	13,461	-	-	21,504	34,965
Advances Out	(21,504)	-	-	(13,461)	(34,965)
Transfers In	281	1,127,474	-	2,260,341	3,388,096
Transfers Out	-	-	(1,000,000)	(2,388,096)	(3,388,096)
<i>Total Other Financing Sources (Uses)</i>	<i>2,030</i>	<i>1,127,474</i>	<i>(1,000,000)</i>	<i>(118,712)</i>	<i>10,792</i>
<i>Net Change in Fund Balances</i>	<i>10,306,107</i>	<i>(13,391,448)</i>	<i>(6,322,320)</i>	<i>(221,701)</i>	<i>(9,629,362)</i>
<i>Fund Balances Beginning of Year</i>	<i>38,220,652</i>	<i>25,772,706</i>	<i>12,569,092</i>	<i>12,717,470</i>	<i>89,279,920</i>
<i>Fund Balances End of Year</i>	<i>\$ 48,526,759</i>	<i>\$ 12,381,258</i>	<i>\$ 6,246,772</i>	<i>\$ 12,495,769</i>	<i>\$ 79,650,558</i>

See accompanying notes to the basic financial statements.

**Southwest Licking Local School District**

**Licking County, Ohio**

*Statement of Receipts, Disbursements and Changes in  
Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
General Fund  
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 25,948,448	\$ 26,718,572	\$ 27,521,283	\$ 802,711
Income Taxes	9,384,503	9,050,297	8,810,672	(239,625)
Intergovernmental	23,754,503	24,099,445	24,347,045	247,600
Investment Income	967,794	1,072,183	1,778,197	706,014
Tuition and Fees	854,463	762,491	863,875	101,384
Extracurricular Activities	144,277	152,313	160,040	7,727
Gifts and Donations	507	472	6,280	5,808
Rent	38,045	37,838	36,847	(991)
Miscellaneous	52,484	52,309	31,230	(21,079)
<i>Total Receipts</i>	<i>61,145,024</i>	<i>61,945,920</i>	<i>63,555,469</i>	<i>1,609,549</i>
<b>Disbursements</b>				
Instruction:				
Regular	21,196,746	21,576,707	21,924,678	(347,971)
Special	8,641,039	8,376,511	8,476,349	(99,838)
Vocational	692,978	709,789	579,191	130,598
Other	170,819	167,585	162,052	5,533
Support Services:				
Pupils	3,572,863	3,270,912	3,071,980	198,932
Instructional Staff	1,303,159	1,343,244	1,406,199	(62,955)
Board of Education	182,120	212,231	161,942	50,289
Administration	4,649,727	4,740,711	4,533,612	207,099
Fiscal	1,496,741	1,480,358	1,471,961	8,397
Business	66,032	70,811	60,196	10,615
Operation and Maintenance of Plant	4,847,020	4,884,154	4,866,940	17,214
Pupil Transportation	3,846,008	3,975,433	3,945,880	29,553
Central	667,664	674,654	672,949	1,705
Extracurricular Activities	866,239	1,366,031	1,340,826	25,205
Operation of Non-Instructional Services:				
Food Service Operations	3,324	3,332	-	3,332
Community Services	9,790	9,790	10,064	(274)
Capital Outlay	901,464	1,299,950	1,543,558	(243,608)
<i>Total Disbursements</i>	<i>53,113,733</i>	<i>54,162,203</i>	<i>54,228,377</i>	<i>(66,174)</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>8,031,291</i>	<i>7,783,717</i>	<i>9,327,092</i>	<i>1,543,375</i>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	16,345	11,199	7,185	(4,014)
Refund of Prior Year Expenditures	424,224	352,689	173,201	(179,488)
Insurance Recoveries	-	-	2,607	2,607
Advances In	13,461	13,461	13,461	-
Advances Out	(18,916)	(18,916)	(21,504)	(2,588)
Transfers In	660,413	660,413	737,956	77,543
Transfers Out	(649,007)	(660,413)	(737,675)	(77,262)
<i>Total Other Financing Sources (Uses)</i>	<i>446,520</i>	<i>358,433</i>	<i>175,231</i>	<i>(183,202)</i>
<i>Net Change in Fund Balance</i>	<i>8,477,811</i>	<i>8,142,150</i>	<i>9,502,323</i>	<i>1,360,173</i>
<i>Fund Balance Beginning of Year</i>	<i>37,069,569</i>	<i>37,069,569</i>	<i>37,069,569</i>	<i>-</i>
Prior Year Encumbrances Appropriated	1,060,901	1,060,901	1,060,901	-
<i>Fund Balance End of Year</i>	<i>\$ 46,608,281</i>	<i>\$ 46,272,620</i>	<i>\$ 47,632,793</i>	<i>\$ 1,360,173</i>

See accompanying notes to the basic financial statements.

**Southwest Licking Local School District**  
**Licking County, Ohio**  
*Statement of Fiduciary Net Position - Modified Cash Basis*  
*Custodial Fund*  
*June 30, 2024*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 19,788</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 19,788</u>

See accompanying notes to the basic financial statements.

**Southwest Licking Local School District**  
**Licking County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Modified Cash Basis*  
*Custodial Fund*  
*For the Fiscal Year Ended June 30, 2024*

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	Custodial
<b>Additions</b>	
Extracurricular Amounts Collected for Other Governments	<u>\$ 22,837</u>
<b>Deductions</b>	
Extracurricular Distributions to Other Governments	<u>3,049</u>
<i>Change in Net Position</i>	<i>19,788</i>
<i>Net Position Beginning of Year</i>	<i>-</i>
<i>Net Position End of Year</i>	<u><i>\$ 19,788</i></u>

See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY**

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

The District was established in 1953 through the consolidation of existing land areas and school districts. The District serves an area of approximately 65 square miles. It is located in Licking County, and includes the City of Pataskala, the Village of Kirkersville, and portions of Etna, Harrison, St. Albans, and Union Townships in Licking County and Liberty Township in Fairfield County. The District currently operates seven instructional buildings, one administrative building, and one support service building.

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

The following activities are included within the reporting entity:

**Private School** – Liberty Christian Academy, a private school, operates within the District's boundaries. Current state legislation provides funding to the private school. This money is received and disbursed on behalf of the private school by the Treasurer of the District, as directed by the private school in accordance with State rules and regulations. This activity is reflected in a special revenue fund in Other Governmental Funds for financial reporting purposes.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.c, these financial statements are presented on the modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the District's accounting policies.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**(a) Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a Statement of Net Position – Modified Cash Basis and a Statement of Activities – Modified Cash Basis, and fund financial statements – modified cash basis which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The government-wide financial statements (i.e. the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities (the District has none), which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities – Modified Cash Basis compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the District's general receipts.

**Fund Financial Statements**

During the fiscal year, the District segregates transactions related to certain 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 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.

**(b) Fund Accounting**

The 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 funds of the District are divided into two categories, governmental and fiduciary funds.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**(b) Fund Accounting (Continued)**

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions, such as governmental funds. The District only reports the following major governmental funds:

*General Fund* — The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Building Fund* — The Building Fund is used to account for monies received and expended in connection with the renovation and construction of District buildings.

*Classroom Facilities Fund* — The Classroom Facilities Fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

*Other Governmental Funds* of the District account for specific revenue sources that are restricted for specified purposes, and funds assigned by the District for capital projects. These funds are aggregated and shown in a single column on the financial statements.

*Proprietary Funds* — Proprietary funds consist of enterprise funds, which are used to report any activity for which a fee is charged to external users for goods or services, and internal service funds, which are used to allocate costs of centralized services. The District reports no proprietary funds.

*Fiduciary Funds* — Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only fiduciary fund is a custodial fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided and used are not eliminated.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**(c) Basis of Accounting**

Although required by Ohio Administrative Code 117-2-03(B) to prepare its annual financial statements and notes in accordance with GAAP, the District chooses to prepare its financial statements using the modified cash basis of accounting. The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP. With the exception of investment purchases and sales, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the modified cash basis of accounting, certain assets and deferred outflows and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred inflows and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**(d) Budgetary Data**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, each of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. Although the legal level of control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparison at the fund and function level of disbursements for the General Fund. Any budgetary modifications at the fund level may only be made by the Board of Education. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

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

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

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**(e) Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Interest in the pool is presented as "Cash and Cash Equivalents" on the financial statements. Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2024, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024, is 47 days and carries a rating of AAA by S&P Global Ratings.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. These funds include the General Fund, Permanent Improvement Fund, Food Service, Public School Support, District Managed Student Activities and Auxiliary Services. In addition, interest earnings on Debt Service Fund investments are recorded entirely in the General Fund. Of the amount reported in the General Fund, approximately \$55,894 was assigned from other District funds.

**(f) Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The District's restricted assets consist of unclaimed funds and scholarship funds.

**(g) Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
LICKING COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**(h) Capital Assets and Depreciation**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Capital assets are defined as assets with an initial, individual cost of more than \$5,000. These items are not reflected as assets in the accompanying financial statements. Depreciation has not been reported for any capital assets.

Useful lives for capital assets are as follows:

Land Improvements	10 - 30
Buildings	20 - 40
Furniture and Equipment	8 - 20
Vehicles	10

**(i) Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified cash basis of accounting.

**(j) Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions consist of pension and postretirement health care benefits.

**(k) Long-Term Obligations**

The District's modified cash basis financial statements do not report liabilities for bonds, leases and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a leased asset when entering into a lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**(l) Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net cash position is available. On the government-wide Statement of Net Position, none of the restricted net position is a result of enabling legislation. Net position restricted for other purposes primarily represents unclaimed funds.

**(m) Fund Balances**

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**Restricted** – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used for the specified purposes imposed by a formal action (resolution) of the District’s Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District’s Board of Education removes or changes the specified use by taking the same 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 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 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. In the General Fund, assigned amounts represent intended uses established by policies of the District’s Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The District applies restricted resources first when disbursements are incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The District considers assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**(n) Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the basic financial statements. Interfund activity between governmental funds is eliminated on the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**(o) Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, 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.

**NOTE 3 – COMPLIANCE**

**Financial Statement Reporting**

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, deferred inflows, liabilities, deferred outflows, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and modified cash basis is that encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (modified cash basis).

A reconciliation of the modified cash and budgetary statements of the General Fund is as follows:

Change in Fund Balance - Modified Cash Basis	\$ 10,306,107
Public School Support Fund	2,303
Unclaimed Monies/Memorial Fund	(9,881)
Encumbrances	(796,206)
Change in Fund Balance- Budgetary Basis	<u>\$ 9,502,323</u>

**NOTE 5 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

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

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Inactive deposits are public deposits that District has identified as not required for use within the current two-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 District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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 fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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 or Ohio local governments;
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);
8. Certain banker's acceptance (for a period not to exceed one hundred eighty days) and commercial paper noted (for a period not to exceed two hundred seventy days) in amount not to exceed 40 percent of the interim monied available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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**Deposits**

**Custodial Credit Risk** - Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Of the District's bank balance, \$3,736,447 was covered by Federal Deposit Insurance Corporation (FDIC) and the remaining balance was uninsured and collateralized. The District's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

1. Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

The fair value of these investments is not materially different than measurement value.

At fiscal year end, the District had the following investments:

Investment Type	Value	Percent of Total	Maturities		
			Within 1 Year	1 to 3 Years	Greater Than 3 Years
STAR Ohio	\$ 36,580,402	47%	\$ 36,580,402	\$ -	\$ -
Money Market Funds	41,719	0%	41,719	-	-
Commercial Paper	3,076,949	4%	3,076,949	-	-
Negotiable Certificate of Deposit	2,507,168	3%	-	445,935	2,061,233
Federal Agency Securities	20,368,279	26%	2,062,299	10,250,579	8,055,401
US Treasury Securities	16,039,928	20%	3,902,214	5,802,845	6,334,869
<b>Total</b>	<b>\$ 78,614,445</b>	<b>100%</b>	<b>\$ 45,663,583</b>	<b>\$ 16,499,359</b>	<b>\$ 16,451,503</b>

**Interest Rate Risk** - The District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he does not reasonably believe can be held until the maturity date.

**Credit Risk** - At fiscal year-end, the District's investments in STAR Ohio, federal agency securities, US Treasury securities, commercial paper, money market funds, and municipal bonds were rated AAAm, AA+, AA+, A1, AAA, and AAA by Standard & Poor's, respectively. The District's negotiable certificates of deposit were not rated. The District has no investment policy that addresses credit risk.

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***Custodial Credit Risk*** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District’s investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment’s counterparty, not in the name of the District. Ohio law requires the fair value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The federal agency securities and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent, but not in the District’s name. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

***Concentration of Credit Risk*** - The District places no limit on the amount it may invest in any one issuer except for commercial paper. The Treasurer may not invest an amount that exceeds 10 percent of the outstanding commercial paper of the issuing entity. The District’s investments in the categories of STAR Ohio, commercial paper, certificates of deposit, and federal agency securities exceeded 5 percent of the District’s total investments.

**NOTE 6 – INCOME TAXES**

The District levies a voted continuing tax of .75 percent for general operations on the income of residents and of estates. The tax went into effect on February 15, 1990 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

**NOTE 7 – TAX ABATEMENTS**

Under Community Reinvestment Area (CRA) property tax abatement agreements entered into by Etna Township, the District’s property tax revenues were reduced by \$4,780,211 during the fiscal year. If these property values were not abated, the property values would be included in the calculation of the District Local Wealth Per Pupil and could have had a negative impact on the amount of school foundation the school district receives. In connection with the District’s approval of the CRA agreements, the District receives income tax sharing compensation from Etna Township through Joint Economic Development Zone (JEDZ) contracts administered by the City of Newark. In addition, the District has entered into a compensation agreement with Etna Retail DC LLC to provide an annual donation of \$24,566 during the fifteen years term of the agreement. During the fiscal year, the District received \$1,401,113 and \$24,566 under the JEDZ Contract and Etna Retail DC LLC agreement, respectively.

**NOTE 8 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023

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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 law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 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 Licking County. The County Auditor 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.

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

	<u>2023 Second Half Collections</u>	<u>2024 First Half Collections</u>		
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 801,986,440	81.14%	\$ 1,124,272,830	77.69%
Commercial/Industrial and				
Public Utility Real	117,759,242	11.91%	252,280,156	17.43%
Public Utility Personal	68,648,300	6.95%	70,540,530	4.87%
Total	<u><u>\$ 988,393,982</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 1,447,093,516</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$ 36.40		\$ 33.80	

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**NOTE 9 – INTERFUND ACTIVITY**

**(a) Transfers**

The District makes all debt service payments from the Debt Service Fund. The Permanent Improvement Fund subsequently reimburses the Debt Service Fund for payments made on the Permanent Improvement Tax Anticipation Notes. During fiscal year 2024, the Permanent Improvement Fund reimbursed the Debt Service Fund \$1,949,806.

During the fiscal year, the District transferred \$127,474 from the Permanent Improvement Fund to the Building Fund for the purpose of financing projects related to the District's school buildings.

During the fiscal year, the District transferred \$1,000,000 from the Classroom Facilities Fund to the Building Fund for the purpose of financing projects related to the District's school buildings.

During the fiscal year, the District transferred \$310,535 from the Permanent Improvement Fund to the Capital Facilities Maintenance Fund for the purpose of maintenance to classroom facilities.

During the fiscal year, the District transferred \$281 from IDEA Preschool Fund to the General Fund to further support programming, activities, or supplemental services for students with disabilities.

**(b) Advances**

At prior fiscal year-end, the General Fund had unpaid interfund cash advances in the amount of \$13,461, which represents short-term loans made to other funds of the District. These loans were repaid during the fiscal year. At current fiscal year-end, the General Fund had unpaid interfund cash advances in the amount of \$21,504, which represents short-term loans made to other funds of the District. These loans are expected to be repaid within one year.

*This section is intentionally left blank.*

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**NOTE 10 – CAPITAL ASSETS**

The District has elected to disclose capital assets, and the activity for the fiscal year follows:

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 4,102,600	\$ 659,621	\$ -	\$ -	\$ 4,762,221
Construction in Progress	105,863,233	26,784,009	-	(5,208,874)	127,438,368
Total Nondepreciable Assets	<u>109,965,833</u>	<u>27,443,630</u>	<u>-</u>	<u>(5,208,874)</u>	<u>132,200,589</u>
Depreciable Capital Assets					
Land Improvements	1,482,589	-	-	5,208,874	6,691,463
Buildings	56,477,559	-	-	-	56,477,559
Furniture and Equipment	5,042,067	82,411	-	-	5,124,478
Vehicles	5,560,614	800,952	(374,717)	-	5,986,849
Total Depreciable Assets	<u>68,562,829</u>	<u>883,363</u>	<u>(374,717)</u>	<u>5,208,874</u>	<u>74,280,349</u>
Less Accumulated Depreciation					
Land Improvements	(1,235,909)	(33,739)	-	-	(1,269,648)
Buildings	(20,797,419)	(1,341,431)	-	-	(22,138,850)
Furniture and Equipment	(4,486,130)	(129,323)	-	-	(4,615,453)
Vehicles	(3,633,663)	(315,457)	374,717	-	(3,574,403)
Total Accumulated Depreciation	<u>(30,153,121)</u>	<u>(1,819,950)</u>	<u>374,717</u>	<u>-</u>	<u>(31,598,354)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>38,409,708</u>	<u>(936,587)</u>	<u>-</u>	<u>5,208,874</u>	<u>42,681,995</u>
Total Capital Assets, Net	<u>\$ 148,375,541</u>	<u>\$ 26,507,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,882,584</u>

**NOTE 11 – LONG TERM OBLIGATIONS**

The District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA or financed purchase transaction is not the result of a cash transaction, neither another financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

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A summary of changes in long-term obligations for the fiscal year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><u>Bonds Series 2017A</u></b>					
Current Interest Bonds (2.0-5.0%) maturing 11/1/2054	\$ 53,780,000	\$ -	\$ (965,000)	\$ 52,815,000	\$ 1,045,000
<b><u>Bonds Series 2017B</u></b>					
Current Interest Bonds (2.0-5.0%) maturing 11/1/2054	18,260,000	- -	(315,000)	17,945,000	345,000
<b><u>2016 Tax Anticipation Notes</u></b>					
Maturing 12/1/2025 (1.25-5.0%)	390,000	- -	(125,000)	265,000	130,000
Bonds and Notes Payable	<u>72,430,000</u>	<u>- -</u>	<u>(1,405,000)</u>	<u>71,025,000</u>	<u>1,520,000</u>
<b><u>Direct Borrowings</u></b>					
Certificate of Participation, Series 2020	5,605,000	- -	(255,000)	5,350,000	265,000
Certificate of Participation, Series 2021	<u>22,425,000</u>	<u>- -</u>	<u>(670,000)</u>	<u>21,755,000</u>	<u>390,000</u>
Total	<u>28,030,000</u>	<u>- -</u>	<u>(925,000)</u>	<u>27,105,000</u>	<u>655,000</u>
<b><u>Bonds Series 2017A</u></b>					
Current Interest Bonds Premium	2,252,760	- -	(71,516)	2,181,244	- -
<b><u>Bonds Series 2017B</u></b>					
Current Interest Bonds Premium	618,165	- -	(19,624)	598,541	- -
<b><u>Certificate of Participation Series 2021</u></b>					
Current Interest Premium	1,430,642	- -	(60,878)	1,369,764	- -
<b><u>2016 Tax Anticipation Notes</u></b>					
Premium	17,041	- -	(6,816)	10,225	- -
Total Long Term Obligations	<u>\$ 104,778,608</u>	<u>\$ - -</u>	<u>\$ (2,488,834)</u>	<u>\$ 102,289,774</u>	<u>\$ 2,175,000</u>

**2017A School Facilities Construction and Improvement Bonds** - On September 14, 2017, the District issued School Facilities Construction and Improvement Bonds for \$53,780,000, with a varying interest rate of 2.0-5.0 percent, for the purpose of constructing, renovating, furnishing, and equipping school buildings. The bonds have a final maturity during fiscal year 2055. The debt is being repaid by tax receipts through the bond retirement Debt Service Fund.

**2017B School Facilities Construction and Improvement Bonds** - On September 14, 2017, the District issued School Facilities Construction and Improvement Bonds for \$24,585,000, with a varying interest rate of 2.0-5.0 percent, for the purpose of constructing, renovating, furnishing, and equipping school buildings. The bonds have a final maturity during fiscal year 2055. The debt is being repaid by tax receipts through the bond retirement Debt Service Fund.

**Tax Anticipation Notes** - In fiscal year 2016, the District issued an additional \$1,210,000 in Tax Anticipation Note in anticipation of the collection of the proceeds of a two and eight tenths (2.80) mill permanent improvement levy approved by the electors of the District at the election held May 5, 2009. The note matures December 1, 2025 with gradually increasing principal payments. Interest is paid semiannually on June 1 and December 1 of each year, which began on June 1, 2016. The debt is being repaid through the bond retirement Debt Service Fund, and reimbursed by tax receipts received in the Permanent Improvement Fund.

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**Loans/Bonds from Direct Borrowings and Placements** – In fiscal year 2020 and 2022, the District issued \$6,500,000 and \$23,500,000 in Certificates of Participation for the purpose of construction, improving, furnishing, and equipping of school facilities. The Certificates have a final maturity year of 2040 and 2047, respectively.

Debt service requirements to maturity on the bonds and notes are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 2,175,000	\$ 3,566,569	\$ 5,741,569
2026	2,250,000	3,500,445	5,750,445
2027	2,310,000	3,435,387	5,745,387
2028	2,470,000	3,363,920	5,833,920
2029	2,495,000	3,269,356	5,764,356
2030-2034	14,200,000	14,621,958	28,821,958
2035-2040	17,110,000	11,690,620	28,800,620
2041-2045	20,355,000	8,428,433	28,783,433
2046-2050	19,330,000	4,874,221	24,204,221
2050-2054	12,550,000	2,033,097	14,583,097
2055	2,885,000	62,363	2,947,363
<b>Total</b>	<b>\$ 98,130,000</b>	<b>\$ 58,846,369</b>	<b>\$ 156,976,369</b>

The Ohio Revised Code provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the district as listed and assessed for taxation. In addition, the unvoted net debt of a district cannot exceed 0.1% of the total assessed value of property. The effects of these laws at fiscal year-end are a voted debt limit of \$130,238,416 and an unvoted debt limit of \$1,447,094. At fiscal year-end, the District was not subject to state consents/special needs approval due to its participation in a Commission program and qualifying for an exception to the approval requirements. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with various governmental entities. At fiscal year-end, these entities have complied with the requirements that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

#### **NOTE 12 - DEFINED BENEFIT PENSION PLANS**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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.

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The net pension/OPEB liability (asset) represents the 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 plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the modified cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description – District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor 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:

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	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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, may be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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.

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the 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 District’s contractually required contribution to SERS was \$1,272,761 for fiscal year 2024.

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

**Plan Description** – 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. Eligibility charges

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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.

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 50 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 District's contractually required contribution to STRS was \$3,683,056 for fiscal year 2024.

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***Net Pension Liability***

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 independent actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.1871478%	0.17144136%	
Prior Measurement Date	0.1890713%	0.16779450%	
Change in Proportionate Share	<u>-0.0019235%</u>	<u>0.00364686%</u>	
Proportionate Share of the Net Pension Liability	\$ 10,340,881	\$ 36,919,791	\$ 47,260,672

***Actuarial Assumptions - SERS***

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

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

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

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:

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Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
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, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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 two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three 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 investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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 did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed 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 of fiscal year 2023 was 14.00 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent.

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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 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 District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District'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.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 15,262,610	\$ 10,340,881	\$ 6,195,259

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results 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)	0.00 percent, effective July 1, 2017

Post-retirement mortality rates for healthy retirees 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, were based on the results of the latest available actuarial experience study, which is 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:

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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	<u>1.00</u>	1.00
Total	<u>100.00 %</u>	

\*Final target weights reflected at October 1, 2022.

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

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 56,774,466	\$ 36,919,791	\$ 20,128,168

**Assumption and Benefit Changes Since the Prior Measurement Date** The discount rate remained at 7.00 percent for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

#### **NOTE 13 - DEFINED BENEFIT OPEB PLANS**

The net OPEB liability (asset) is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

See Note 12 for a description of the net OPEB liability (asset).

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

Health Care Plan Description - The 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.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$138,225. 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 District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

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

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

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**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. Nearly all health care plan enrollees, for the most recent year, 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.

***Net OPEB Liability (Asset)***

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 actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the 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:

	<u>SERS</u>	<u>STRS</u>
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.1923619%	0.17144136%
Prior Measurement Date	0.1938035%	0.16779450%
Change in Proportionate Share	<u><u>-0.0014416%</u></u>	<u><u>0.00364686%</u></u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ 3,169,057	\$ (3,334,298)

***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.

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expenses, including expenses
Fiduciary Net Position Depletion	Projected to be 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, net of plan investment expense, including price inflation
Prior Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.75 percent - 4.40 percent
Medical Trend Assumption	6.75 percent - 4.40 percent

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

**Discount Rate** The 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 plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2023, and the June 30, 2022, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023 and 3.69 percent at June 30, 2022.

**Sensitivity of the 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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 4,050,961	\$ 3,169,057	\$ 2,473,639
Current			
	% Decrease	Trend Rate	% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 2,328,197	\$ 3,169,057	\$ 4,283,311

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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 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.

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:

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

\*Final target weights reflected at October 1, 2022.

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB (Asset)	\$ (2,822,047)	\$ (3,334,298)	\$ (3,780,414)
Current			
	1% Decrease	Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB (Asset)	\$ (3,801,116)	\$ (3,334,298)	\$ (2,772,023)

**Assumption Changes Since the Prior Measurement Date** The discount rate remained unchanged at 7.00 percent for the June 30, 2023 valuation.

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***Benefit Term Changes Since the Prior Measurement Date*** Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

**NOTE 14 – RISK MANAGEMENT**

The 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 the fiscal year, the District purchased insurance coverage from EMC Insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

**A. Licking Area Computer Association**

The District is a participant in the Licking Area Computer Association (LACA). LACA is an association which services 30 entities within the boundaries of Licking, Perry, Fairfield, Knox, Medina, and Muskingum Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The District's total payments to LACA for fiscal year 2024 were \$206,822.

Financial statements for LACA can be obtained at 150 South Quintin Road Newark, Ohio 43055.

**B. META Solutions (formerly Tri-Rivers Educational Computer Association (TRECA))**

The District participates in the Metropolitan Educational Technology Association (META), 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 non-members 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 school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Each year, the participating school district's pay a membership fee to META to cover the costs of administering the program. In fiscal year 2024, the District made no payments to META. Financial information can be obtained by META's CFO, 100 Executive Drive, Marion, Ohio 43302.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
LICKING COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 16 – RELATED ORGANIZATION**

**Pataskala Public Library** - The Pataskala Public Library is statutorily created as a separate and distinct political subdivision. Seven trustees of the District Library are appointed by the District. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Due process is required to remove Board members. No subsidies are provided by the District.

**NOTE 17 – SET ASIDES**

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

The following modified cash basis information describes the change in the fiscal year-end set-aside amounts for the Capital Acquisition Reserves:

Set-aside cash balance as of June 30, 2023	\$ -
Current fiscal year set-aside requirement	1,017,789
Current Year Offsets	<u>(2,103,153)</u>
Total	<u><u>\$ (1,085,364)</u></u>
Balance Carried Forward to Fiscal Year 2025	<u><u>\$ -</u></u>

During fiscal year 2018, the District issued \$78,365,000 in capital related debt based on a building project under taken by the District. Those proceeds may be used as qualifying offsets to reduce the capital acquisition to zero for future years. At June 30, 2024, the District still has \$74,565,000 in qualifying proceeds that may be used to reduce the set-aside requirement for future years.

**NOTE 18 – CONTINGENCIES**

- (a) Grants** - The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.
- (b) Litigation** - The District is not party to any litigation that, in the opinion of management, would have a material effect on the financial statements.
- (c) School District 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. As of the date of this report, DEW adjustments for fiscal year 2024 are finalized.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 19 – CONTRACTUAL COMMITMENTS**

At fiscal year-end, the District has commitments with the following companies:

Vendor	Contract Amount	Amount Paid		Amount Remaining on Contract
		As of June 30, 2024		
Michigan Playgrounds LLC	\$ 242,305	\$ 4,582		\$ 237,723
Robertson Construction	38,402,477	31,191,434		7,211,043
Garmann Miller & Associates	10,251,558	8,965,258		1,286,300
Hill International, Inc.	741,488	486,192		255,296
Continental Office Furniture Corporation	357,259	-		357,259
Pepper Construction Company of Ohio, LLC	36,353,597	24,997,011		11,356,586
Redcon, LLC	242,150	225,295		16,855
<b>Total</b>	<b>\$ 86,590,834</b>	<b>\$ 65,869,772</b>		<b>\$ 20,721,062</b>

Contractual Commitments are primarily a result of the District's ongoing Ohio School Facilities Project.

The District encumbers funds with purchase orders to assign funds for those purchases of goods and services. Encumbrances as of fiscal year end in the General Fund, Building Fund, Classroom Facilities Fund, and Other Governmental Funds were \$796,205, \$9,412,897, \$5,843,108, and \$398,559, respectively.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 20 – FUND BALANCE**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Classroom Facilities Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Unclaimed Monies	\$ 17,035	\$ -	\$ -	\$ -	\$ 17,035
<b>Restricted for:</b>					
Permanent Improvement	-	-	-	1,098,192	1,098,192
Classroom Facilities Maintenance	-	-	-	1,893,773	1,893,773
Debt Service	-	-	-	3,375,304	3,375,304
Capital Projects	-	12,381,258	6,246,772	-	18,628,030
Extracurricular Activities	-	-	-	618,160	618,160
State and Federal Grants	-	-	-	267,902	267,902
Food Service	-	-	-	2,825,414	2,825,414
Other Purposes	233	-	-	7,024	7,257
<b>Total Restricted</b>	<b>233</b>	<b>12,381,258</b>	<b>6,246,772</b>	<b>10,085,769</b>	<b>28,714,032</b>
<b>Committed for:</b>					
Underground Storage	11,000	-	-	-	11,000
Capital Projects	555,465	-	-	-	555,465
<b>Total Committed</b>	<b>566,465</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>566,465</b>
<b>Assigned for:</b>					
Instruction	167,780	-	-	-	167,780
Support Services	72,960	-	-	-	72,960
School Support	69,491	-	-	-	69,491
Capital Projects	-	-	-	2,410,000	2,410,000
<b>Total Assigned</b>	<b>310,231</b>	<b>-</b>	<b>-</b>	<b>2,410,000</b>	<b>2,720,231</b>
<b>Unassigned</b>	<b>47,632,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,632,795</b>
<b>Total Fund Balance</b>	<b>\$ 48,526,759</b>	<b>\$ 12,381,258</b>	<b>\$ 6,246,772</b>	<b>\$ 12,495,769</b>	<b>\$ 79,650,558</b>

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

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

**FEDERAL GRANTOR**

*Pass Through Grantor*

**Program / Cluster Title**

<b>Federal AL Number</b>	<b>Pass-Through Entity Number</b>	<b>Total Federal Expenditures</b>
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**U.S. DEPARTMENT OF AGRICULTURE**

*Passed Through Ohio Department of Education and Workforce*

Child Nutrition Cluster

School Breakfast Program	10.553	N/A	\$ 238,658
National School Lunch Program (Non-Cash Assistance)	10.555	N/A	\$ 163,980
National School Lunch Program	10.555	N/A	\$ 1,010,523
COVID-19 National School Lunch Program	10.555	N/A	\$ 120,135
Total Child Nutrition Cluster			\$ 1,533,296

Total U.S. Department of Agriculture

**U.S. DEPARTMENT OF EDUCATION**

*Passed Through Ohio Department of Education and Workforce*

Title I Grants to Local Educational Agencies Program

84.010A	N/A	\$ 499,910
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Special Education Cluster

Special Education Grants to States	84.027A	N/A	\$ 1,112,435
COVID-19 Special Education - Grants to States: American Rescue Plan Elementary and Secondary School Emergency Relief – IDEA, Part B	84.027X	N/A	\$ 10,497
Special Education Preschool Grants	84.173A	N/A	\$ 26,016
Total Special Education Cluster			\$ 1,148,948

English Language Acquisition State Grants

84.365A	N/A	\$ 37,041
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Supporting Effective Instruction State Grants

84.367A	N/A	\$ 54,847
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Student Support and Academic Enrichment Program:

Student Support and Academic Enrichment Program	84.424A	N/A	\$ 22,568
Student Support and Academic Enrichment Program - Stronger Connections	84.424F	N/A	\$ 22,719
Total Student Support and Academic Enrichment Program			\$ 45,287

Education Stabilization Fund:

COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	N/A	\$ 230,663
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	N/A	\$ 802,257
COVID-19 American Rescue Plan - Homeless	84.425W	N/A	\$ 18,008

*Passed Through Licking Regional Educational Service Center*

COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Extended Learning Grant	84.425U	N/A	\$ 38,271
Total Education Stabilization Fund			\$ 1,089,199

Total U.S. Department of Education

**Total Expenditures of Federal Awards**

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

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING 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 Southwest Licking Local School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 D - 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 E – 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 F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

<b>Program Title</b>	<b>AL Number</b>	<b>Amount Transferred</b>
Title I Grants to Local Educational Agencies	84.010	\$40,840
Special Education Grants to States	84.027	\$31,145
English Language Acquisition State Grants	84.365	\$1,851
Student Support and Academic Enrichment Program	84.424	\$606



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

Southwest Licking Local School District  
Licking County  
927-A South Street  
Pataskala, Ohio 43062

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the modified cash-basis financial statements governmental activities, each major fund, and the aggregate remaining fund information of the Southwest Licking Local School District, Licking 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 May 15, 2025, wherein we note the District uses a special purpose framework other than generally accepted accounting principles.

### ***Report on 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 opinions 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.

Southwest Licking Local School District  
Licking County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards*  
Page 2

***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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

***District's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 15, 2025



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

**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**

Southwest Licking Local School District  
Licking County  
927-A South Street  
Pataskala, Ohio 43062

To the Board of Education:

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

***Opinion on Each Major Federal Program***

We have audited Southwest Licking Local School District's, Licking County, (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 Southwest Licking Local School District's major federal programs for the year ended June 30, 2024. Southwest Licking 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, Southwest Licking Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

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

Southwest Licking Local School District

Licking County

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

Page 3

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 15, 2025

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster AL# 84.425 Education Stabilization Fund
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2024-001**

**Annual Financial Report – Noncompliance**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has no prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code 117-2-03(B)** requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

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

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

**FINDING NUMBER 2024-001**

**Annual Financial Report – Noncompliance**

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board, report on the modified cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to **Ohio Rev. Code § 117.38** the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:** See Corrective Action Plan

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

**None**



# RICHARD D. JONES

Treasurer

Southwest Licking Local School District

rdjones@laca.org

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Noncompliance for Ohio Rev. Code 117.38 for not filing GAAP basis  Finding first occurred in fiscal year 2004 at finding 2004-SWLSD-001.	Not corrected	The District elects to report on a cash basis rather than GAAP. The finding was re-issued as 2024-001.

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# RICHARD D. JONES

Treasurer

Southwest Licking Local School District

[rdjones@laca.org](mailto:rdjones@laca.org)

## CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2024

**Finding Number:** 2024-001

**Planned Corrective Action:** None. The Southwest Licking LSD has no plans to convert to GAAP financial statements due to cost of the GAAP conversion and audit. The School District does prepare GAAP Look Alike financial statements.

**Anticipated Completion Date:** N/A

**Responsible Contact Person:** Richard D. Jones, Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

LICKING 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 6/10/2025

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)