



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT
LICKING COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis	
Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis	
Governmental Funds	14
Statement of Receipts, Disbursements and Changes in	
Cash Basis Fund Balance - Budget and Actual (Budget Basis)	
General Fund	15
Statement of Fiduciary Net Position – Cash Basis - Custodial Fund	16
Statement of Changes in Fiduciary Net Position – Cash Basis - Custodial Fund	17
Notes to the Basic Financial Statements	18
Schedule of Expenditures of Federal Awards	51
Notes to the Schedule of Expenditures of Federal Awards	52
Independent Auditor's Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i>	53
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	55
Schedule of Findings	59
Prepared by Management:	
Summary Schedule of Prior Audit Findings	61
Corrective Action Plan	63

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OHIO AUDITOR OF STATE KEITH FABER



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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 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, 2025, 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 cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General for the year then ended in accordance with the 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 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 cash-basis of accounting described in Note 2, and for determining that the 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 and 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 April 22, 2026, 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
Ohio Auditor of State



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

April 22, 2026

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Southwest Licking Local School District
Licking County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The discussion and analysis of the Southwest Licking Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- Net position of governmental activities decreased \$3,765,677 during the fiscal year.
- Capital assets increased \$12,137,051 during the fiscal year.
- Outstanding debt decreased \$2,333,834 during the fiscal year.

Using this Annual Report

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

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2025, the General, Building, and Capital Projects funds are the District's most significant funds.

Basis of Accounting

The District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only asset reported on this strictly cash receipt and disbursement basis presentation in a Statement of Net Position will be cash and cash equivalents. The Statement of Activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

These statements include the large number of funds used by the District to provide programs and activities. The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The Statement of Net Position and the Statement of Activities answer this question.

Southwest Licking Local School District
Licking County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

In the Statement of Net Position and the Statement of Activities, governmental activities include the District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, the Building and the Capital Projects Funds.

Governmental Funds - All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations. The District's custodial fund is used to account for Ohio High School Athletic Association activity.

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Southwest Licking Local School District
Licking County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2025 compared to 2024.

(Table 1)
Net Position – Cash Basis

	Governmental Activities		
	2025	2024	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 75,884,881	\$ 78,065,191	\$ (2,180,310)
Restricted Cash and Cash Equivalents	-	17,268	(17,268)
Cash and Cash Equivalents in Segregated Accounts	-	137	(137)
Investments	-	1,567,962	(1,567,962)
<i>Total Assets</i>	<u>75,884,881</u>	<u>79,650,558</u>	<u>(3,765,677)</u>
Net Position			
Restricted for:			
Capital Outlay	6,156,788	18,628,030	(12,471,242)
Debt Service	3,428,099	3,375,304	52,795
Other Purposes	22,746	24,292	(1,546)
Permanent Improvements	2,344,718	1,098,192	1,246,526
Food Services	3,103,908	2,825,414	278,494
State and Federal Grants	28,223	267,902	(239,679)
Extracurricular Activities	753,647	618,160	135,487
Classroom Facilities Maintenance	2,201,178	1,893,773	307,405
Unrestricted	<u>57,845,574</u>	<u>50,919,491</u>	<u>6,926,083</u>
<i>Total Net Position</i>	<u>\$ 75,884,881</u>	<u>\$ 79,650,558</u>	<u>\$ (3,765,677)</u>

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

The significant decrease in investments is the result of remaining segregated investments for construction purposes being returned to pooled cash reported in equity in pooled cash and cash equivalents.

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.

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Southwest Licking Local School District
Licking County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2025 as compared to fiscal year 2024.

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities		
	2025	2024	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$ 2,692,179	\$ 2,545,828	\$ 146,351
Operating Grants, Contributions and Interest	4,114,334	4,304,652	(190,318)
Capital Grants, Contributions and Interest	767,283	5,466,691	(4,699,408)
<i>Total Program Receipts</i>	7,573,796	12,317,171	(4,743,375)
<i>General Receipts</i>			
Property Taxes	35,953,602	33,344,332	2,609,270
Income Taxes	9,487,235	8,810,672	676,563
Grants and Entitlements not Restricted to			
Specific Programs	24,983,829	24,636,815	347,014
Payments in Lieu of Taxes	2,038,363	1,401,113	637,250
Proceeds from Sale of Assets	6,233	8,185	(1,952)
Insurance Recoveries	-	2,607	(2,607)
Investment Earnings	3,088,957	3,248,719	(159,762)
Miscellaneous	340,202	270,682	69,520
<i>Total General Receipts</i>	75,898,421	71,723,125	4,175,296
<i>Total Receipts</i>	83,472,217	84,040,296	(568,079)
<i>Program Disbursements</i>			
Instruction:			
Regular	24,091,240	22,271,394	1,819,846
Special	12,639,381	10,006,858	2,632,523
Vocational	653,442	578,552	74,890
Student Intervention Services	248,070	-	248,070
Other	140,186	261,023	(120,837)
Support Services:			
Pupils	4,473,849	4,053,260	420,589
Instructional Staff	2,244,320	1,850,407	393,913
Board of Education	118,602	154,680	(36,078)
Administration	5,077,096	4,534,627	542,469
Fiscal	1,562,874	1,556,578	6,296
Business	61,055	66,596	(5,541)
Operation and Maintenance of Plant	5,522,298	5,102,259	420,039
Pupil Transportation	4,564,926	4,774,741	(209,815)
Central	689,532	699,466	(9,934)
Operation of Non-Instructional Services:			
Food Service Operations	2,132,560	2,035,697	96,863
Community Services	11,921	17,705	(5,784)
Extracurricular Activities	1,520,858	2,033,521	(512,663)
Capital Outlay	15,755,265	27,720,269	(11,965,004)
Debt Service:			
Principal Retirement	2,175,000	2,330,000	(155,000)
Interest and Fiscal Charges	3,555,419	3,622,025	(66,606)
<i>Total Program Disbursements</i>	87,237,894	93,669,658	(6,431,764)
<i>Change in Net Position</i>	(3,765,677)	(9,629,362)	5,863,685
<i>Net Position Beginning of Year</i>	79,650,558	89,279,920	(9,629,362)
<i>Net Position End of Year</i>	\$ 75,884,881	\$ 79,650,558	\$ (3,765,677)

Southwest Licking Local School District
Licking County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The significant decrease in capital grants, contributions and interest is the mainly the result of larger drawdowns of Ohio Facilities Construction Commission grants in the prior year. Payments in lieu of taxes increased significantly primarily due to increased receipts from Joint Economic Development Zone and Joint Economic Development District income sharing tax agreements. See note 7 for information about the payments in lieu of taxes.

Significant increases in special instruction, pupils, instructional staff and administration are mainly due to newly negotiated employment agreements coming into effect for the fiscal year. The completion of the west campus sports complex in the previous year was the primary reason for decreased extracurricular disbursements. The progression towards the end of construction projects at Watkins and Kirkersville schools led to the significant decrease in capital outlay.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for a portion of all governmental expenses. The community is the largest area of support for the District students.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting.

(Table 3)
Fund Balance – Cash Basis

	Fund Balance 6/30/2025	Fund Balance 6/30/2024	Increase (Decrease)
General	\$ 25,451,301	\$ 48,526,759	\$ (23,075,458)
Building	2,836,118	12,381,258	(9,545,140)
Capital Projects	32,410,000	2,410,000	30,000,000

The significant decrease in the general fund balance is primarily due to a transfer out for capital projects related to an administrative office addition, athletics, transportation, and academic spaces.

The Building Fund decreased significantly due to ongoing construction projects at Watkins, Kirkersville and Pataskala South Fork schools.

The significant increase in the capital projects fund is due to the transfer in from the general fund previously discussed.

General Fund Budgeting Highlights

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

Southwest Licking Local School District
Licking County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Original Budget Compared to Final Budget During the course of fiscal year 2025, the District adjusted its general fund budget for investment income to account for better-than-expected investment returns. Transfers out was significantly increased for the transfer to the capital projects fund previously discussed. There were no significant changes between the original and final budgeted disbursements.

Final Budget Compared to Actual Results For fiscal year 2025, there was no significant change between the final budgeted receipts and actual receipts. Actual budgeted disbursements were lower than final budgeted disbursements for extracurricular activities and capital outlay due to less construction activity than expected.

Capital Assets

The District is not required to disclose capital assets on the 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 is primarily due to construction in progress activity related to Watkins, Kirkersville and Pataskala South Fork school projects. Detailed information regarding capital asset activity can be found in the Note 10 to the basic financial statements.

Debt

The District's long-term obligations decreased due to regular principal payments.

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.

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Southwest Licking Local School District
Licking County, Ohio
Statement of Net Position - Cash Basis
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 75,884,881
<i>Total Assets</i>	<u>\$ 75,884,881</u>
Net Position	
Restricted for:	
Capital Outlay	\$ 6,156,788
Debt Service	3,428,099
Other Purposes	22,746
Permanent Improvements	2,344,718
Food Services	3,103,908
State and Federal Grants	28,223
Extracurricular Activities	753,647
Classroom Facilities Maintenance	2,201,178
Unrestricted	57,845,574
<i>Total Net Position</i>	<u>\$ 75,884,881</u>

See accompanying notes to the basic financial statements.

Southwest Licking Local School District
Licking County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2025

	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
Governmental Activities					
Instruction:					
Regular	\$ 24,091,240	\$ 715,404	\$ 684,299	\$ -	\$ (22,691,537)
Special	12,639,381	381,408	1,397,885	-	(10,860,088)
Vocational	653,442	-	-	-	(653,442)
Student Intervention Services	248,070	-	98,512	-	(149,558)
Other	140,186	-	-	-	(140,186)
Support Services:					
Pupils	4,473,849	-	249,858	-	(4,223,991)
Instructional Staff	2,244,320	5,649	134,431	-	(2,104,240)
Board of Education	118,602	-	-	-	(118,602)
Administration	5,077,096	-	1,484	-	(5,075,612)
Fiscal	1,562,874	516	-	-	(1,562,358)
Business	61,055	19	-	-	(61,036)
Operation and Maintenance of Plant	5,522,298	2,066	38,264	-	(5,481,968)
Pupil Transportation	4,564,926	-	-	-	(4,564,926)
Central	689,532	305	-	-	(689,227)
Operation of Non-Instructional Services:					
Food Service Operations	2,132,560	1,007,682	1,394,177	-	269,299
Community Services	11,921	-	1,946	-	(9,975)
Other	-	-	271	-	271
Extracurricular Activities	1,520,858	577,750	113,207	-	(829,901)
Capital Outlay	15,755,265	1,380	-	767,283	(14,986,602)
Debt Service:					
Principal Retirement	2,175,000	-	-	-	(2,175,000)
Interest and Fiscal Charges	3,555,419	-	-	-	(3,555,419)
Totals	<u>\$ 87,237,894</u>	<u>\$ 2,692,179</u>	<u>\$ 4,114,334</u>	<u>\$ 767,283</u>	<u>(79,664,098)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					29,972,771
Debt Service					4,137,973
Capital Outlay					1,842,858
Income Taxes Levied for:					
General Purposes					9,487,235
Grants and Entitlements not Restricted to Specific Programs					24,983,829
Payments in Lieu of Taxes					2,038,363
Proceeds from Sale of Assets					6,233
Investment Earnings					3,088,957
Miscellaneous					340,202
Total General Receipts					<u>75,898,421</u>
Change in Net Position					<u>(3,765,677)</u>
Net Position Beginning of Year					<u>79,650,558</u>
Net Position End of Year					<u>\$ 75,884,881</u>

See accompanying notes to the basic financial statements.

Southwest Licking Local School District
Licking County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2025

	General	Building Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 25,451,301	\$ 2,836,118	\$ 32,410,000	\$ 15,187,462	\$ 75,884,881
<i>Total Assets</i>	<u>\$ 25,451,301</u>	<u>\$ 2,836,118</u>	<u>32,410,000</u>	<u>\$ 15,187,462</u>	<u>\$ 75,884,881</u>
Fund Balances					
Nonspendable	\$ 15,489	\$ -	-	\$ -	\$ 15,489
Restricted	233	2,836,118	-	15,187,467	18,023,818
Committed	1,457,568	-	30,000,000	-	31,457,568
Assigned	3,883,103	-	2,410,000	-	6,293,103
Unassigned	20,094,908	-	-	(5)	20,094,903
<i>Total Fund Balances</i>	<u>\$ 25,451,301</u>	<u>\$ 2,836,118</u>	<u>32,410,000</u>	<u>\$ 15,187,462</u>	<u>\$ 75,884,881</u>

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 - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Building Fund	Classroom Facilities Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 29,972,770	\$ -	\$ -	\$ -	\$ 5,980,831	\$ 35,953,601
Income Taxes	9,487,235	-	-	-	-	9,487,235
Intergovernmental	24,688,008	-	-	-	4,916,749	29,604,757
Investment Income	2,158,792	226,157	-	-	862,265	3,247,214
Tuition and Fees	1,060,843	-	-	-	-	1,060,843
Extracurricular Activities	158,027	-	-	-	411,293	569,320
Gifts and Donations	31,186	-	-	-	71,247	102,433
Charges for Services	-	-	-	-	1,015,280	1,015,280
Payments in Lieu of Taxes	-	-	-	-	2,038,363	2,038,363
Rent	35,850	-	-	-	10,886	46,736
Miscellaneous	327,696	-	-	-	12,506	340,202
Total Receipts	67,920,407	226,157	-	-	15,319,420	83,465,984
Disbursements						
Current:						
Instruction:						
Regular	23,342,126	-	-	-	749,114	24,091,240
Special	11,061,117	-	-	-	1,578,264	12,639,381
Vocational	653,442	-	-	-	-	653,442
Student Intervention Services	135,621	-	-	-	112,449	248,070
Other	139,411	-	-	-	775	140,186
Support Services:						
Pupils	4,108,193	-	-	-	365,656	4,473,849
Instructional Staff	1,633,615	-	-	-	610,705	2,244,320
Board of Education	118,602	-	-	-	-	118,602
Administration	5,075,411	-	-	-	1,685	5,077,096
Fiscal	1,468,417	6	-	-	94,451	1,562,874
Business	59,564	-	-	-	1,491	61,055
Operation and Maintenance of Plant	5,262,917	-	-	-	259,381	5,522,298
Pupil Transportation	4,564,926	-	-	-	-	4,564,926
Central	665,567	-	-	-	23,965	689,532
Extracurricular Activities	1,080,204	-	-	-	440,654	1,520,858
Operation of Non-Instructional Services:						
Food Service Operations	-	-	-	-	2,132,560	2,132,560
Community Services	9,682	-	-	-	2,239	11,921
Capital Outlay	1,435,027	9,908,306	-	-	4,411,932	15,755,265
Debt Service:						
Principal Retirement	-	-	-	-	2,175,000	2,175,000
Interest and Fiscal Charges	-	-	-	-	3,555,419	3,555,419
Total Disbursements	60,813,842	9,908,312	-	-	16,515,740	87,237,894
Excess of Receipts Over (Under) Disbursements	7,106,565	(9,682,155)	-	-	(1,196,320)	(3,771,910)
Other Financing Sources (Uses)						
Proceeds from Sale of Assets	6,233	-	-	-	-	6,233
Advances In	21,504	-	-	-	234,387	255,891
Advances Out	(234,387)	-	-	-	(21,504)	(255,891)
Transfers In	24,627	137,015	-	30,000,000	1,964,385	32,126,027
Transfers Out	(30,000,000)	-	-	-	(2,126,027)	(32,126,027)
Total Other Financing Sources (Uses)	(30,182,023)	137,015	-	30,000,000	51,241	6,233
Net Change in Fund Balances	(23,075,458)	(9,545,140)	-	30,000,000	(1,145,079)	(3,765,677)
Fund Balances Beginning of Year, as previously presented	48,526,759	12,381,258	6,246,772	-	12,495,769	79,650,558
Change within Financial Reporting Entity:						
Major to Nonmajor Fund	-	-	(6,246,772)	-	6,246,772	-
Nonmajor to Major Fund	-	-	-	2,410,000	(2,410,000)	-
Fund Balances Beginning of Year, as adjusted	48,526,759	12,381,258	-	2,410,000	16,332,541	79,650,558
Fund Balances End of Year	\$ 25,451,301	\$ 2,836,118	\$ -	\$ 32,410,000	\$ 15,187,462	\$ 75,884,881

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 29,933,728	\$ 29,933,728	\$ 29,972,770	\$ 39,042
Income Taxes	9,682,422	9,487,235	9,487,235	-
Intergovernmental	23,455,306	24,687,884	24,688,008	124
Investment Income	1,475,880	2,006,000	2,156,106	150,106
Tuition and Fees	874,177	1,048,998	1,060,843	11,845
Extracurricular Activities	150,995	145,157	146,288	1,131
Gifts and Donations	25,627	5,251	5,251	-
Payments in Lieu of Taxes	17,217	-	-	-
Rent	37,326	35,850	35,850	-
Miscellaneous	59,845	52,275	53,987	1,712
<i>Total Receipts</i>	<u>65,712,523</u>	<u>67,402,378</u>	<u>67,606,338</u>	<u>203,960</u>
Disbursements				
Instruction:				
Regular	23,749,486	23,762,630	23,785,602	(22,972)
Special	11,158,568	11,152,776	11,061,117	91,659
Vocational	814,831	814,831	653,442	161,389
Student Intervention Services	141,412	141,412	135,621	5,791
Other	152,400	152,400	136,882	15,518
Support Services:				
Pupils	4,167,305	4,239,305	4,108,193	131,112
Instructional Staff	1,564,583	1,591,700	1,658,893	(67,193)
Board of Education	193,708	194,208	161,252	32,956
Administration	5,205,190	5,227,098	5,085,686	141,412
Fiscal	1,523,344	1,519,562	1,468,417	51,145
Business	65,831	65,581	59,564	6,017
Operation and Maintenance of Plant	5,689,822	5,777,959	5,297,300	480,659
Pupil Transportation	4,529,866	4,523,426	4,564,926	(41,500)
Central	737,257	769,657	683,167	86,490
Extracurricular Activities	1,444,716	1,444,716	1,101,426	343,290
Operation of Non-Instructional Services:				
Community Services	9,000	9,000	9,682	(682)
Capital Outlay	5,181,765	5,294,265	4,520,919	773,346
<i>Total Disbursements</i>	<u>66,329,084</u>	<u>66,680,526</u>	<u>64,492,089</u>	<u>2,188,437</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(616,561)</u>	<u>721,852</u>	<u>3,114,249</u>	<u>2,392,397</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	7,303	6,088	6,233	145
Refund of Prior Year Expenditures	154,593	255,690	258,187	2,497
Advances In	17,182	21,504	21,504	-
Advances Out	(19,400)	(19,400)	(234,387)	(214,987)
Transfers In	660,000	824,627	822,731	(1,896)
Transfers Out	(660,000)	(32,184,505)	(32,322,609)	(138,104)
<i>Total Other Financing Sources (Uses)</i>	<u>159,678</u>	<u>(31,095,996)</u>	<u>(31,448,341)</u>	<u>(352,345)</u>
<i>Net Change in Fund Balance</i>	<u>(456,883)</u>	<u>(30,374,144)</u>	<u>(28,334,092)</u>	<u>2,040,052</u>
<i>Fund Balance Beginning of Year</i>	<u>47,632,793</u>	<u>47,632,793</u>	<u>47,632,793</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>796,206</u>	<u>796,206</u>	<u>796,206</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 47,972,116</u>	<u>\$ 18,054,855</u>	<u>\$ 20,094,907</u>	<u>\$ 2,040,052</u>

See accompanying notes to the basic financial statements.

Southwest Licking Local School District
Licking County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Custodial Fund
June 30, 2025

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ <u>8,978</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	\$ <u>8,978</u>

See accompanying notes to the basic financial statements.

Southwest Licking Local School District
Licking County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Custodial Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions	
Extracurricular Amounts Collected for Other Governments	<u>\$ 74</u>
Deductions	
Extracurricular Distributions to Other Governments	<u>10,884</u>
<i>Change in Net Position</i>	(10,810)
<i>Net Position Beginning of Year</i>	<u>19,788</u>
<i>Net Position End of Year</i>	<u><u>\$ 8,978</u></u>

See accompanying notes to the basic financial statements.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

Reporting Entity

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:

Liberty Chrisitan Academy – 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.

Jointly Governed Organizations

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

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Related Organizations

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 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2, these financial statements are presented on the cash basis of accounting. This 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 cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, and fund financial statements – 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 – Cash Basis and the Statement of Activities – 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 – 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 cash basis or draws from the District's general receipts.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

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.

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.

Capital Projects Fund — The Capital Projects Fund is used to accumulate monies for capital projects in the District.

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.

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 fiduciary fund is a custodial fund used to account for assets held by the School District related to the Ohio High School Athletic Association tournaments.

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, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 cash basis of accounting. The 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 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.

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, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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 School District are presented on the financial statements as cash equivalents.

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.

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.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant’s accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2025 was \$2,158,792, which included \$857,317 assigned from other District funds.

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.

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Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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, in years, for capital assets are as follows:

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

Accumulated Leave

For fiscal year 2025, GASB Statement No. 101, *Compensated Absences*, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The District does not offer noncash settlements. District employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the District's cash basis of accounting.

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.

Long-Term Obligations

The District's 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 an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported when paid.

Net Position

Net position is reported as restricted when limitations are imposed on its use either through enabling legislation adopted by the District or 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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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:

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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 – Cash Basis and the Statement of Activities – Cash Basis.

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.

Restatement of Fund Balance

The classroom facilities fund changing from major to nonmajor and the capital projects fund changing from nonmajor to major had the following effect on beginning fund balances:

	Reporting Units Affected by Adjustments to Beginning Balances		
	Governmental Funds		
	Classroom Facilities	Capital Projects	Nonmajor
June 30, 2024, as previously reported	\$ 6,246,772	\$ -	\$ 12,495,769
Change from major to nonmajor fund	(6,246,772)	-	6,246,772
Change from nonmajor to major fund	-	2,410,000	(2,410,000)
June 30, 2024, as adjusted	<u>\$ -</u>	<u>\$ 2,410,000</u>	<u>\$ 16,332,541</u>

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 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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 cash basis is that encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (cash basis).

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>
Cash Basis	\$ (23,075,458)
Funds Budgeted Elsewhere	(1,416,612)
Adjustment for Encumbrances	<u>(3,842,022)</u>
Budget Basis	<u>\$ (28,334,092)</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits determined to be necessary to meet current demands upon the District treasury. Active 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.

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

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

Interim monies 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;

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, 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.

Deposits

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. At year end, \$460,209 of the District's bank balance of \$1,285,189 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 repayment of all public monies deposited in the financial institution. OPCS requires the total market value of securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2025, the District had the following investments:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
AAAm	STAR Ohio	\$28,283,292	\$28,283,292	\$ -	\$ -	37.17%
AAA	Money Market	26,775	26,775	-	-	0.04%
A	Commercial Paper	736,625	736,625	-	-	0.97%
AA	Federal Agency Securities	22,124,145	6,018,712	9,264,563	6,840,870	29.08%
AA	US Treasury Note	21,967,217	1,787,493	9,205,724	10,974,000	28.87%
N/A	Negotiable Certificate of Deposit	2,942,530	-	689,710	2,252,820	3.87%
	Total Investments	<u>\$76,080,584</u>	<u>\$36,852,897</u>	<u>\$19,159,997</u>	<u>\$20,067,690</u>	<u>100.00%</u>

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The District's investment policy addresses interest rate risk by requiring that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 30 days.

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.

Concentration of Credit Risk The District places no limit on the amount it may invest in any one issuer.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 \$5,523,875 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 and Joint Economic Development Districts (JEDD) contracts administered by the City of Reynoldsburg. The District also receives income tax sharing compensation from the City of Pataskala for JEDD contracts. During the fiscal year the District received \$992,518 under the JEDZ contract, \$652,577 under the JEDD contracts, and \$81,639 in tax incremental financing payments. The District has the following compensation agreements in effect:

Entity	Term	Amount
Premium Brands	15 years	\$24,566 per year
S.R. 158, LLC	One time	\$50,000
Cohen Family Properties, LTD	15 years	\$741 per year
STAG Industrial Management	15 years	\$18,000 per year
Kohls	15 years	\$18,000 per year
Meyer Shank Racing	15 years	\$3,398 per year
Route 70 O6, LLC	15 years	\$15,216 per year
HGIT 9157 Mink Street SW, LLC	15 years	\$10,467 per year
Sealy Southgate Parkway, LLC	15 years	\$6,564 per year
The Cubes at Etna 70 Building E, LLC	5 years	\$30,000 per year
The Cubes at Etna 70 Building E, LLC	15 years	\$16,123 per year
GTV Columbus, LLC	15 years	\$4,749 per year
DEV Property OH, LLC	15 years	\$15,170 per year
IRH Real Estate LLC	15 years	\$22,409 per year

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 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024, 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, 2025, are available to finance fiscal year 2025 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second-Half Collections		2025 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,376,552,986	95.1%	\$ 1,345,073,163	94.8%
Public Utility	70,540,530	4.9%	74,005,780	5.2%
Total Assessed Value	<u>\$ 1,447,093,516</u>	<u>100.0%</u>	<u>\$ 1,419,078,943</u>	<u>100.0%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$33.80		\$33.76	

NOTE 9 – INTERFUND ACTIVITY

Transfers

The District had the following transfers during the fiscal year:

Fund	Transfers In	Transfers Out
General	\$ 24,627	\$30,000,000
Building	137,015	-
Capital Projects	30,000,000	-
Other Governmental	1,964,385	2,126,027
Total	<u>\$32,126,027</u>	<u>\$32,126,027</u>

Transfers into, and out of, other governmental funds are for required debt payments and classroom facilities maintenance agreements in the amounts of \$1,653,850 and \$310,535 respectively.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Additional transfers out of other governmental funds are for the cost of project administration in the building fund, \$137,015, and payment to the general fund by the district managed student activities fund for a concession stand, \$24,627.

The District transferred \$30,000,000 from the general fund to the capital projects fund for administrative office additions, athletics projects, transportation acquisitions, and academic space improvements.

Advances

Prior fiscal year interfund loans from the general fund to other governmental funds in the amount of \$21,504 were repaid during the fiscal year. Current fiscal year interfund loans from the general fund to other governmental funds in the amount of \$234,387 are expected to be repaid within one year.

NOTE 10 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 4,762,221	\$ -	\$ -	\$ -	\$ 4,762,221
Construction in Progress	127,438,368	14,074,837	-	-	141,513,205
Total Nondepreciable Capital Assets	132,200,589	14,074,837	-	-	146,275,426
Depreciable Capital Assets					
Land Improvements	6,691,463	-	-	-	6,691,463
Buildings	56,477,559	30,661	-	-	56,508,220
Furniture and Equipment	5,124,478	69,591	-	-	5,194,069
Vehicles	5,986,849	69,995	(412,040)	-	5,644,804
Total Depreciable Capital Assets	74,280,349	170,247	(412,040)	-	74,038,556
Less Accumulated Depreciation					
Land Improvements	(1,269,648)	(217,368)	-	-	(1,487,016)
Buildings	(22,138,850)	(1,343,914)	-	-	(23,482,764)
Furniture and Equipment	(4,615,453)	(120,891)	-	-	(4,736,344)
Vehicles	(3,574,403)	(425,860)	412,040	-	(3,588,223)
Total Accumulated Depreciation	(31,598,354)	(2,108,033)	412,040	-	(33,294,347)
Depreciable Capital Assets, Net of Accumulated Depreciation	42,681,995	(1,937,786)	-	-	40,744,209
Total Capital Assets, Net	\$ 174,882,584	\$ 12,137,051	\$ -	\$ -	\$ 187,019,635

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 11 – LONG TERM OBLIGATIONS

A summary of changes in long-term obligations for the fiscal year ended June 30, 2025 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Bonds Series 2017A</u>					
Current Interest Bonds (2.0-5.0%) maturing 11/1/2054	\$ 52,815,000	\$ -	\$ (1,045,000)	\$ 51,770,000	\$ 1,065,000
<u>Bonds Series 2017B</u>					
Current Interest Bonds (2.0-5.0%) maturing 11/1/2054	17,945,000	-	(345,000)	17,600,000	370,000
Total General Obligation Bonds	70,760,000	-	(1,390,000)	69,370,000	1,435,000
<u>2016 Tax Anticipation Notes</u>					
Maturing 12/1/2025 (1.25-5.0%)	265,000	-	(130,000)	135,000	135,000
<u>Direct Borrowings</u>					
Certificate of Participation, Series 2020	5,350,000	-	(265,000)	5,085,000	275,000
Certificate of Participation, Series 2021	21,755,000	-	(390,000)	21,365,000	405,000
Total Direct Borrowings	27,105,000	-	(655,000)	26,450,000	680,000
<u>Bonds Series 2017A</u>					
Current Interest Bonds Premium	2,181,244	-	(71,516)	2,109,728	-
<u>Bonds Series 2017B</u>					
Current Interest Bonds Premium	598,541	-	(19,624)	578,917	-
<u>2016 Tax Anticipation Notes</u>					
Premium	10,225	-	(6,816)	3,409	-
<u>Certificate of Participation Series 2021</u>					
Current Interest Premium	1,369,764	-	(60,878)	1,308,886	-
Total Long Term Obligations	\$ 102,289,774	\$ -	\$ (2,333,834)	\$ 99,955,940	\$ 2,250,000

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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

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	General Obligation Bonds		Tax Anticipation Notes		Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,435,000	\$ 2,649,369	\$ 135,000	\$ 3,375	\$ 680,000	\$ 847,701
2027	1,465,000	2,610,837	-	-	845,000	824,550
2028	1,595,000	2,566,719	-	-	875,000	797,201
2029	1,585,000	2,507,156	-	-	910,000	762,200
2030	1,665,000	2,425,906	-	-	945,000	725,801
2031-2035	9,445,000	11,026,780	-	-	5,315,000	3,031,802
2036-2040	11,390,000	9,055,261	-	-	6,340,000	2,014,878
2041-2045	13,730,000	6,694,051	-	-	7,325,000	1,025,195
2046-2050	13,895,000	4,106,688	-	-	3,215,000	127,182
2051-2055	13,165,000	1,477,148	-	-	-	-
Total	<u>\$69,370,000</u>	<u>\$45,119,915</u>	<u>\$ 135,000</u>	<u>\$ 3,375</u>	<u>\$26,450,000</u>	<u>\$10,156,510</u>

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 \$127,717,105 and an unvoted debt limit of \$1,419,079. 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 cash basis framework.

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

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

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

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

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

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, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,351,992 for fiscal year 2025.

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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$3,857,208 for fiscal year 2025.

Net Pension Liability

The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.1909106%	0.18040755%	
Prior Measurement Date	0.1871478%	0.17144136%	
Change in Proportionate Share	0.0037628%	0.00896619%	
Proportionate Share of the Net Pension Liability	\$ 9,766,217	\$ 34,713,327	\$ 44,479,544

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

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented below:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 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 net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 14,940,958	\$ 9,766,217	\$ 5,409,362

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Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented below:

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

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

Actuarial assumptions used in the June 30, 2024, 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:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
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 2.4 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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. 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, 2024. 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, 2024.

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:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 55,998,681	\$ 34,713,327	\$ 16,709,576

NOTE 13 – DEFINED BENEFIT OPEB PLANS

The net OPEB 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 cash basis framework.

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

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 under Employers/Audit Resources.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$147,609.

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 2025.

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, 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, 2024, 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.1942855%	0.18040755%	
Prior Measurement Date	0.1923619%	0.17144136%	
Change in Proportionate Share	<u>0.0019236%</u>	<u>0.00896619%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,978,788	\$ (3,421,987)	
OPEB Expense	\$ (37,435)	\$ (103,116)	\$ (140,551)

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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented below:

	<u>June 30, 2024</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

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

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

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

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 2,638,644	\$ 1,978,788	\$ 1,454,444

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$ 1,337,587	\$ 1,978,788	\$ 2,821,596

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 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, 2024, 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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	100.00%	

* Final target weights reflected at October 1, 2022.

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 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 actual 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, 2024. 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, 2024. 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, 2024.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB (Asset)	\$ (2,782,482)	\$ (3,421,987)	\$ (3,978,652)
	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB (Asset)	\$ (4,016,255)	\$ (3,421,987)	\$ (2,707,302)

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

	Capital Improvement Reserve
Set-aside Reserve Balance as of June 30, 2024	\$ -
Current Year Set Aside Requirement	1,152,126
Current Year Offsets	(2,060,163)
Total	<u>\$ (908,037)</u>
Balance Carried Forward to Fiscal Year 2026	<u>\$ -</u>
Set-aside Reserve Balance as of June 30, 2025	<u>\$ -</u>

During fiscal year 2018, the District issued \$78,365,000 in capital related debt based on a building project undertaken by the District. Those proceeds may be used as qualifying offsets to reduce the capital acquisition to zero for future years. At June 30, 2025, the District still has \$74,565,000 in qualifying proceeds that may be used to reduce the set-aside requirement for future years.

NOTE 16 – CONTINGENCIES

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.

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Litigation

The District is not party to any litigation that, in the opinion of management, would have a material effect on the financial statements.

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 2025 were finalized and determined not to have a material impact. Therefore, the adjustments were not recorded in the accompanying financial statements.

NOTE 17 – CONTRACTUAL COMMITMENTS

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

Vendor	Contract Amount	Amount Paid As of June 30, 2025	Amount Remaining on Contract
Summit CC, LLC	\$ 4,309,852	\$ 888,935	\$ 3,420,917
Filmore construction, LLC	1,301,300	-	1,301,300
Continental Office Furniture Corporation	580,151	556,945	23,206
Houghton Mifflin Harcourt	473,089	73,085	400,004
Snider Recreation, Inc.	421,740	400,653	21,087
Cardinal Bus Sales & Service	407,774	-	407,774
ING Financial Services	203,748	57,674	146,074
Total	<u>\$ 7,697,654</u>	<u>\$ 1,977,292</u>	<u>\$ 5,720,362</u>

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.

Fund	Amount
General	\$ 3,988,096
Building	1,695,650
Classroom Facilities	2,144,205
Nonmajor Governmental	611,503
	<u>\$ 8,439,454</u>

Southwest Licking Local School District
Licking County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 18 – 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:

	General	Building	Capital Projects	Other Governmental Funds	Total
Nonspendable for:					
Unclaimed Monies	\$ 15,489	\$ -	\$ -	\$ -	\$ 15,489
Total Nonspendable	15,489	-	-	-	15,489
Restricted for:					
Permanent Improvement	-	-	-	2,344,718	2,344,718
Classroom Facilities Maintenance	-	-	-	2,201,178	2,201,178
Debt Service	-	-	-	3,428,099	3,428,099
Capital Projects	-	2,836,118	-	3,320,670	6,156,788
Extracurricular Activities	-	-	-	753,647	753,647
State and Federal Grants	-	-	-	28,223	28,223
Food Service	-	-	-	3,103,908	3,103,908
Other Purposes	233	-	-	7,024	7,257
Total Restricted	233	2,836,118	-	15,187,467	18,023,818
Committed for:					
Underground Storage	11,000	-	-	-	11,000
Capital Projects	-	-	30,000,000	-	30,000,000
Severance Payments	1,446,568	-	-	-	1,446,568
Total Committed	1,457,568	-	30,000,000	-	31,457,568
Assigned for:					
Instruction	521,413	-	-	-	521,413
Support Services	130,186	-	-	-	130,186
Extracurricular Activities	104,531	-	-	-	104,531
Capital Outlay	3,085,892	-	-	-	3,085,892
School Support	41,081	-	-	-	41,081
Capital Projects	-	-	2,410,000	-	2,410,000
Total Assigned	3,883,103	-	2,410,000	-	6,293,103
Unassigned	20,094,908	-	-	(5)	20,094,903
Total Fund Balance	25,451,301	2,836,118	32,410,000	15,187,462	75,884,881

The IDEA, Part B Special Education fund had a deficit fund balance of \$5 due to the timing disbursements and grant funding receipts.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT
LICKING COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass-Through Entity Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 203,041
National School Lunch Program (Non-Cash Assistance)	10.555	N/A	\$ 234,788
National School Lunch Program	10.555	N/A	\$ 1,012,605
Total Child Nutrition Cluster			<u>\$ 1,450,434</u>
Farm to School State Formula Grant	10.645	N/A	\$ 15,207
Total U.S. Department of Agriculture			<u>\$ 1,465,641</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
<i>Passed Through State Library of Ohio</i>			
Grants to States	45.310	N/A	\$ 258
Total Institute of Museum and Library Services			<u>\$ 258</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	N/A	\$ 535,740
Special Education Cluster			
Special Education Grants to States	84.027A	N/A	\$ 1,190,390
Special Education Preschool Grants	84.173A	N/A	\$ 38,802
Total Special Education Cluster			<u>\$ 1,229,192</u>
English Language Acquisition State Grants	84.365A	N/A	\$ 40,086
Supporting Effective Instruction State Grants	84.367A	N/A	\$ 123,473
Student Support and Academic Enrichment Program	84.424A	N/A	\$ 69,824
Education Stabilization Fund:			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	N/A	\$ 732,862
<i>Passed Through Licking Regional Educational Service Center</i>			
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) - Extended Learning Grant	84.425U	N/A	\$ 37,889
Total Education Stabilization Fund			<u>\$ 770,751</u>
Total U.S. Department of Education			<u>\$ 2,769,066</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,234,965</u></u>

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, 2025**

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, 2025. 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.



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

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* issued by the Comptroller General of the United States (*Government Auditing Standards*), the 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 22, 2026, 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.

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 2025-001.

District's Response to the 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
Ohio Auditor of State



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

April 22, 2026



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

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, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Southwest Licking Local School District's major federal programs for the year ended June 30, 2025. 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, 2025.

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

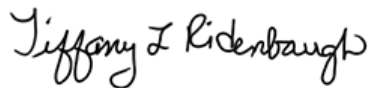
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

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
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

April 22, 2026

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2025-001

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 not 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 2025-001 (Continued)

Annual Financial Report – Noncompliance (Continued)

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board, report on the 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
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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, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	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 2025-001.

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RICHARD D. JONES

Treasurer
Southwest Licking Local School District
rdjones@laca.org

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2025

Finding Number: 2025-001
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 5/7/2026

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