

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009**

**RICHARD JONES, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Southwest Licking Local School District  
927-A South Street  
Pataskala, Ohio 43062

We have reviewed the *Independent Auditor's Report* of the Southwest Licking Local School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 20, 2010

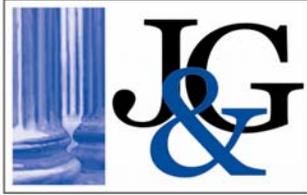
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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards**

Board of Education  
Southwest Licking Local School District  
927-A South Street  
Pataskala, Ohio 43062

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Licking Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Southwest Licking Local School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole.

Julian & Grube, Inc.  
November 30, 2009

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Nutrition Grant Cluster:</b>				
(D) (E) School Breakfast Program	10.553	2009	\$ 64,274	\$ 64,274
<b>Total School Breakfast Program</b>			<u>64,274</u>	<u>64,274</u>
(D) (E) National School Lunch Program	10.555	2009	366,908	366,908
(C) (D) National School Lunch Program - Food Donation	10.555	2009	94,828	94,828
<b>Total National School Lunch Program</b>			<u>461,736</u>	<u>461,736</u>
<b>Total U.S. Department of Agriculture and Nutrition Grant Cluster</b>			<u>526,010</u>	<u>526,010</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2008	38,816	48,315
Title I Grants to Local Educational Agencies	84.010	2009	209,814	195,981
<b>Total Title I Grants to Local Educational Agencies</b>			<u>248,630</u>	<u>244,296</u>
Special Education_Grants to States	84.027	2008	119,160	132,251
Special Education_Grants to States	84.027	2009	539,822	517,916
<b>Total Special Education_Grants to States</b>			<u>658,982</u>	<u>650,167</u>
(F) Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	(1,314)	-
(F) Safe and Drug-Free Schools and Communities_State Grants	84.186	2009	7,797	7,646
<b>Total Safe and Drug-Free Schools and Communities_State Grants</b>			<u>6,483</u>	<u>7,646</u>
(F) State Grants for Innovative Programs	84.298	2008	(555)	-
(F) State Grants for Innovative Programs	84.298	2009	906	-
<b>Total State Grants for Innovative Programs</b>			<u>351</u>	<u>-</u>
(F) Education Technology State Grants	84.318	2008	(234)	-
(F) Education Technology State Grants	84.318	2009	558	-
<b>Total Education Technology State Grants</b>			<u>324</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367	2008	17,118	20,571
Improving Teacher Quality State Grants	84.367	2009	93,532	88,979
<b>Total Improving Teach Quality State Grants</b>			<u>110,650</u>	<u>109,550</u>
<b>Total U.S. Department of Education</b>			<u>1,025,420</u>	<u>1,011,659</u>
<b>U. S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF PUBLIC SAFETY</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	2009	3,020	3,020
<b>Total U.S. Department of Homeland Security</b>			<u>3,020</u>	<u>3,020</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,554,450</u>	<u>\$ 1,540,689</u>

-Continued

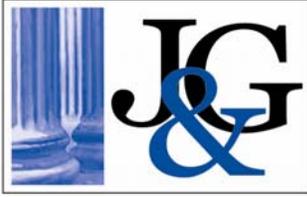
**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2009.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the fair market value.
- (D) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2009, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	\$ 1,314	
Safe and Drug-Free Schools and Communities_State Grants	84.186	2009		\$ 1,314
State Grants for Innovative Programs	84.298	2008	555	
State Grants for Innovative Programs	84.298	2009		555
Education Technology State Grants	84.318	2008	234	
Education Technology State Grants	84.318	2009		234
<b>Totals</b>			<b>\$ 2,103</b>	<b>\$ 2,103</b>

Note 1: The Southwest Licking Local School District has excluded federal financial assistance reported for the discretely presented component unit: Southwest Licking Digital Academy.



## **Julian & Grube, Inc.**

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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Southwest Licking Local School District  
927-A South Street  
Pataskala, Ohio 43062

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Licking Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise Southwest Licking Local School District's basic financial statements and have issued our report thereon dated November 30, 2009. We conducted our audit in accordance with 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Licking Local School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Licking Local School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Licking Local School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Southwest Licking Local School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Southwest Licking Local School District's financial statements that is more than inconsequential will not be prevented or detected by Southwest Licking Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Southwest Licking Local School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Education  
Southwest Licking Local School District

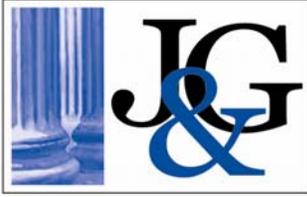
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Licking Local School District's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of Education of Southwest Licking Local School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 30, 2009



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Report on Compliance With Requirements Applicable to Its Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
Southwest Licking Local School District  
927-A South Street  
Pataskala, Ohio 43062

#### Compliance

We have audited the compliance of Southwest Licking Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2009. Southwest Licking Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Southwest Licking Local School District's management. Our responsibility is to express an opinion on Southwest Licking Local School District's compliance based on our audit.

Southwest Licking Local School District's basic financial statements include the operations of Southwest Licking Digital Academy, the component unit of Southwest Licking Local School District. Southwest Licking Digital Academy received \$16,318 and expended \$7,254 in federal awards during fiscal year 2009 that are not included in the Schedule of Receipts and Expenditures of Federal Awards for Southwest Licking Local School District for the fiscal year ended June 30, 2009. Our audit of federal awards, described below, did not include the operations of Southwest Licking Digital Academy. This component unit expended less than \$500,000 for the fiscal year ended June 30, 2009 and thus was not required to have an audit of its federal awards in accordance with *OMB Circular A-133*.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Licking Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Southwest Licking Local School District's compliance with those requirements.

In our opinion Southwest Licking Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2009.

Board of Education  
Southwest Licking Local School District

Internal Control Over Compliance

The management of Southwest Licking Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Southwest Licking Local School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Licking Local School District's internal control over compliance.

A control deficiency in Southwest Licking Local School District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Southwest Licking Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Southwest Licking Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Southwest Licking Local School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and Board of Education of Southwest Licking Local School District and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
November 30, 2009

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

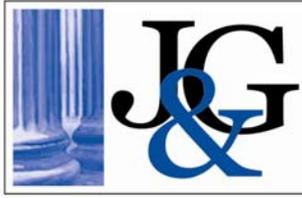
<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Nutrition Grant Cluster: School Breakfast Program: CFDA #10.553; National School Lunch Program: CFDA #10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.



**Julian & Grube, Inc.**  
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**Independent Accountant's Report on Applying Agreed-Upon Procedures**

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

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school”.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board solely to assist the Board in evaluating whether Southwest Licking Local School District has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board; consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 20, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;
  - (7) A procedure for responding to and investigating any reported incident;
  - (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
  - (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
3. We read the policy and noted that it did not contain the following procedure in accordance with Ohio Revised Code Section 3313.666(B):
- (1) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education of Southwest Licking Local School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
November 30, 2009

*Southwest Licking Local School District*

*Comprehensive  
Annual Financial Report*

*For Fiscal Year Ended  
June 30, 2009*

*Board of Education  
Southwest Licking Local School District  
Pataskala, Ohio*

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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## **I. INTRODUCTORY SECTION**

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# SOUTHWEST LICKING LOCAL SCHOOLS

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November 30, 2009

To the Citizens and Board of Education of the Southwest Licking Local School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Southwest Licking Local School District (the "District") for fiscal year ended June 30, 2009. This CAFR conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, this CAFR and the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

GAAP also requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

State statute requires an annual audit by independent auditors. Julian & Grube, Inc. conducted the audit. The audit has been conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards and includes a review of internal controls and tests of compliance with Federal and State laws and regulations. The Independent Auditor's Report is included in this CAFR.

In addition to the financial audit a single audit was performed as required by the Single Audit Act Admendments of 1996 and the provisions of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". The single audit report is not included in the CAFR.

## PROFILE OF THE 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 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 five member Board of Education serves as the taxing authority, contracting body, and policy maker of the District. The Board of Education adopts the annual operating budget and approves all expenditures of the District.

The District was established in 1953 through the consolidation of existing land areas and the Etna, Kirkersville and Pataskala school districts. The District serves an area of approximately 65 square miles. The District is located approximately eighteen miles east of Columbus, the state capital, 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 operates one high school (grades 9-12), one middle school (grades 6-8), three elementaries (grades 1-5), one kindergarten center (grade K), one administrative building, and one support service building.

The District provides a full range of traditional and non-traditional educational programs and services. These include regular and vocational instruction, special education instructional programs for handicapped and gifted students; and a broad range of co-curricular and extracurricular activities. In addition, the school district sponsors a community on-line school for students whom their parents have chosen to home-school or various other reasons.

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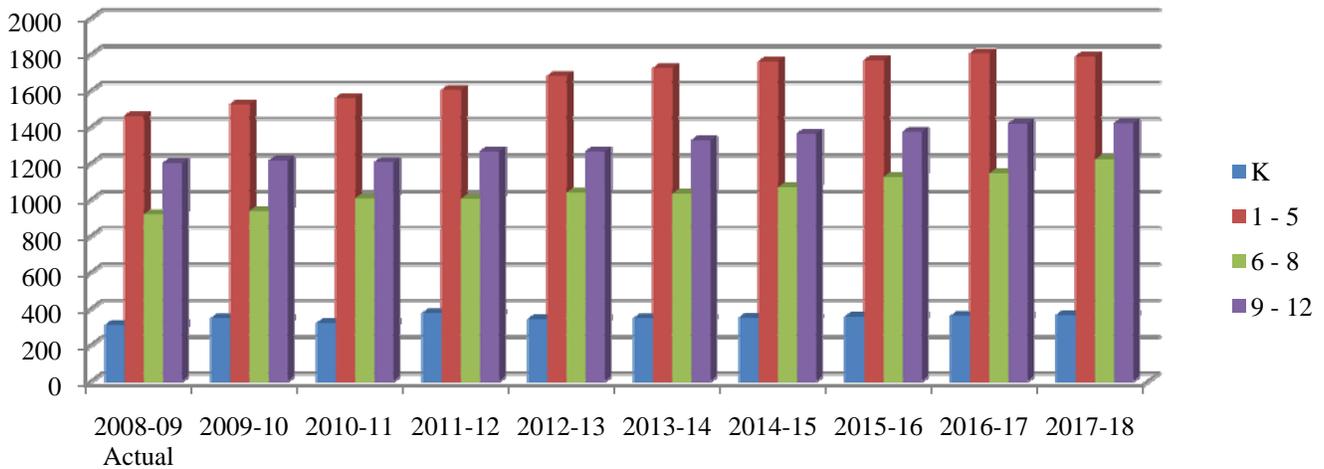
<i>Kindergarten Center</i>	<i>Etna Elementary</i>	<i>Kirkersville Elementary</i>	<i>Pataskala Elementary</i>	<i>Watkins Middle School</i>	<i>Watkins Memorial High School</i>
740-927-1130	740-927-5906	740-927-7281	740-927-3861	740-927-5767	740-927-3846

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The District acts as fiscal agent for state funds provided by the State of Ohio to Liberty Christian Academy, which has one branch located within the boundaries of the District. Revenue and expenditures of these schools are reported as a governmental activity of the District.

Projected Enrollment by Grade Group

Grade	2008-09 Actual	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
K	309	346	319	374	342	346	350	355	359	364
1 - 5	1,460	1,524	1,559	1,602	1,679	1,722	1,760	1,767	1,804	1,788
6 - 8	918	937	1,007	1,003	1,037	1,031	1,066	1,124	1,143	1,219
9 - 12	1,201	1,213	1,205	1,265	1,265	1,325	1,363	1,372	1,418	1,420
Total	3,888	4,020	4,090	4,244	4,323	4,424	4,539	4,618	4,724	4,791



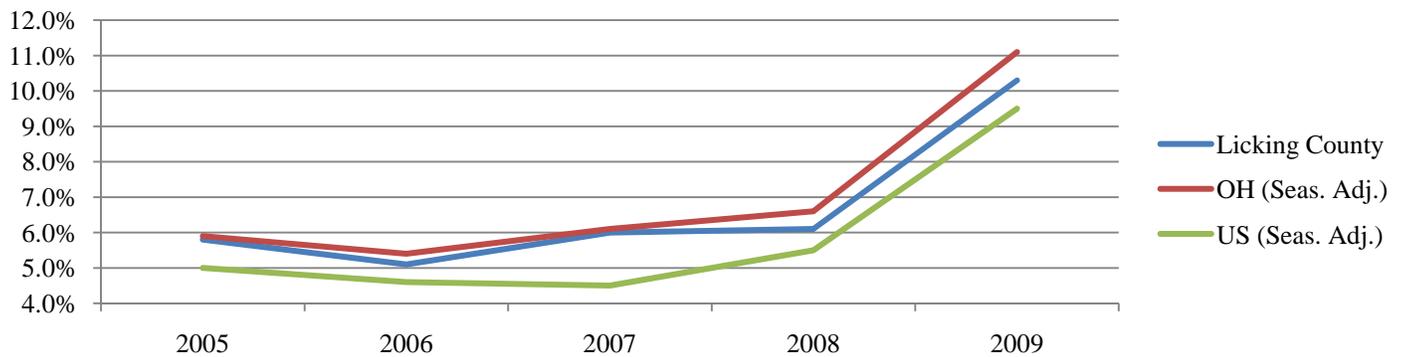
The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. The Treasurer is the chief financial officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the District, acting as custodian of all District funds, and investing idle funds as permitted by Ohio law.

### ECONOMIC CONDITION AND OUTLOOK

The majority of the District lies within Licking County. The tables below illustrate the five year history of the unemployment rate and civilian employment for Licking County, the State of Ohio and the United States for June of each year (Historical Civilian Labor Forces Estimates, Ohio Department of Job and Family Services).

Area Name	Unemployment Rate				
	2005	2006	2007	2008	2009
Licking County	5.8%	5.1%	6.0%	6.1%	10.3%
OH (Seas. Adj.)	5.9%	5.4%	6.1%	6.6%	11.1%
US (Seas. Adj.)	5.0%	4.6%	4.5%	5.5%	9.5%

Employment				
2005	2006	2007	2008	2009
77,100	78,700	80,000	81,000	76,800
5,542,400	5,610,400	5,637,100	5,594,600	5,310,600
141,704,000	144,386,000	146,140,000	145,891,000	140,196,000



As noted above, the unemployment rate for Licking County is better than the State of Ohio; however, Licking County and the State of Ohio are higher than the U.S. unemployment rate. In addition, the Employment table above shows that job losses in Licking County (-5.2%) and Ohio (-5.1%) were substantially higher than in the US (-3.9%). Specific employment figures for the District are not available.

The crash in the housing market has had a negative impact on the school district. During years when there has been a tri-annual update or reappraisal on property values within the District, the District has averaged double digit increases in property values. Since the District is on the 20 mill floor, the increase in property values has resulted in a proportional increase in the amount of property taxes revenue received by the District. For the 2008 calendar year tri-annual update, the Licking County Auditor did not increase property values as a result of the tri-annual update. Overall, the school district's property values only increase 1.35%.

With the majority of the District's revenue expected to increase only slightly and with significant growth expected in the District's expenditures, the District will need to look at ways to cut expenditures and increase revenue within the year. The District's general fund balance is expected to go into the negative during fiscal year 2011.

## MAJOR INITIATIVES AND ACCOMPLISHMENTS

### Accomplishments for 2009

#### *Financial*

The District received its second Certificate of Achievement for Excellence in Financial Reporting.

The voters of the school district approved a continuous 2.8 mills permanent improvement levy. The tax dollars generated from the levy will allow the school district to purchase approximately 179 acres of land which will be the location of a new high school and other future facilities. In addition, the levy provides the school district with the .5 mill maintenance requirement to be eligible to receive money from the Ohio Schools Facilities Commission once the school district's equity number is reached.

#### *Instruction*

##### **Local Report Card:**

The district has earned the "Effective" rank on the state of Ohio's Local Report Card. According to the Ohio Department of Education, the district has met 22 of 30 state indicators. The district's performance index score is 96.2. All points earned by a school or a district are averaged and multiplied by 100 to generate a school index. The District's performance index score is an important indicator of success because it reflects the achievement of every student tested.

<b>SWL 5 Year Testing Data</b>					
	<b>Year 04-05</b>	<b>Year 05-06</b>	<b>Year 06-07</b>	<b>Year 07-08</b>	<b>Year 08-09</b>
<b>Grade 3</b>					
<b>Reading</b>	85.70%	84.50%	80.20%	81.10%	85.40%
<b>Math</b>	84.40%	86.50%	89.10%	84.50%	92.00%

<b>SWL 5 Year Testing Data</b>					
	<b>Year 04-05</b>	<b>Year 05-06</b>	<b>Year 06-07</b>	<b>Year 07-08</b>	<b>Year 08-09</b>
<b>Grade 4</b>					
<b>Reading</b>	82.80%	82.50%	86.30%	80.80%	83.60%
<b>Math</b>	75.30%	89.90%	84.10%	77.90%	86.00%
<b>Grade 5</b>					
<b>Reading</b>	84.40%	79.10%	87.00%	81.20%	74.00%
<b>Math</b>		67.00%	71.30%	69.30%	69.40%
<b>Grade 6</b>					
<b>Reading</b>	81.60%	89.40%	81.70%	85.10%	83.50%
<b>Math</b>	80.10%	74.70%	82.50%	86.20%	85.20%
<b>Grade 7</b>					
<b>Reading</b>		89.80%	83.10%	81.90%	81.20%
<b>Math</b>	69.00%	63.30%	78.80%	68.90%	74.00%
<b>Grade 8</b>					
<b>Reading</b>	81.60%	87.10%	87.20%	81.90%	73.40%
<b>Math</b>	62.80%	73.80%	79.80%	75.80%	70.40%
<b>Grade 10</b>					
<b>Reading</b>	97.00%	95.10%	91.30%	89.30%	90.50%
<b>Math</b>	88.30%	88.40%	84.80%	86.80%	93.10%
<b>Attendance Rate</b>		94.40%	94.50%	94.20%	94.60%
<b>Graduation Rate</b>	91.80%	91.90%	93.50%	95.30%	
<b>Performance Index Score</b>	96.40%	97.40%	96.50%	95.40%	96.20%
<b>Number of Indicators Met</b>	20	21	27	24	22
<b>Total Number of Indicators</b>	23	25	30	30	30
<b>No. of Increased Indicators</b>	10	9	15	13	16
<b>No. of Decreased Indicators</b>	3	8	10	18	15
<b>Subgroups not meeting AYP</b>	MET	IEP	IEP	AA	IEP (MET GM)
<b>District Improvement Status</b>	n/a	At Risk	DI1	DI2	DI3
<b>Report Card Rating</b>	Effective	Effective	Effective	Effective	Effective

Etna Elementary, Pataskala Elementary, and Kirkersville Elementary all met AYP and Growth Measure. Watkins Middle School is an Effective School exceeded expected growth and came out of School Improvement Status. Finally, WMHS did not meet AYP; however they are again an Excellent School.

	<b>Year 04-05</b>	<b>Year 05-06</b>	<b>Year 06-07</b>	<b>Year 07-08</b>	<b>Year 08-09</b>
<b>District</b>	Effective	Effective	Effective	Effective	Effective
<b>Indicators Met</b>	20/23	21/25	27/30	24/30	22/30
<b>Kindergarten Center</b>	Effective	Effective	Effective	Effective	Effective
<b>Indicators Met</b>	N/A	N/A	N/A	N/A	N/A
<b>Etna Elementary</b>	Effective	Effective	Effective	Effective	Effective
<b>Indicators Met</b>	7/9	6/8	8/10	6/10	6/10

	Year 04-05	Year 05-06	Year 06-07	Year 07-08	Year 08-09
<b>Kirkersville Elementary</b>	Excellent	Excellent	Excellent	Excellent	Effective
<b>Indicators Met</b>	9/9	8/8	9/10	10/10	9/10
<b>Pataskala Elementary</b>	Effective	Effective	Effective	Effective	Effective
<b>Indicators Met</b>	7/9	7/8	8/10	7/10	8/10
<b>Watkins Middle School</b>	Effective	Effective	Cont. Imp.	Effective	Effective
<b>Indicators Met</b>	7/9	4/7	9/10	7/10	5/10
<b>Watkins Memorial HS</b>	Excellent	Excellent	Excellent	Excellent	Excellent
<b>Indicators Met</b>	7/7	12/12	12/12	11/12	12/12

**Initiatives for 2010**

**Financial**

To receive the Certificate of Excellence in Financial Reporting from the GFOA for the District’s 2009 CAFR and to receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the 2009 PAFR.

**Instruction**

**Standards Based Report Cards:**

Created by a committee of teachers and administrators, the report card provides parents/guardians better information concerning their child’s academic progress. Three types of assessment are reported on this report card; content assessment, effort, and progress towards meeting state standards. Specifically, these reports provide detailed information about reading, the writing process, mathematics, social studies, science and general development skills. Progress towards meeting state standards is indicated with a check mark and lack of such progress is indicated with a dash.

**Value Added Progress Measures:**

Value Added is part of Ohio’s accountability system. The Director of Curriculum and Instruction, School Improvement Consultant, Elementary Principals and the Middle School Principal completed training around the concepts of Value Added and the importance of exceeding one years’ worth of growth per student has been shared with teachers. We have continued our learning by attending the Value Added Level II training.

**Educational Management Information System (EMIS):**

Like all other Ohio schools, the District is involved in successful implementation of the Ohio EMIS system for financial, staff, and student information. As mandates and procedures evolve and change this is also an area of constant revision.

**Intervention First:**

Intervention first grade is NOT a special education placement. Instead, this class is intended as a strong support program for children who are developmentally young, who have or had extenuating health issues, who demonstrate some learning difficulties, or for those children who are in need of more age and experience appropriate life and school experiences. Students in the class are instructed by a classroom teacher, reading specialist and teacher aide. First grade curriculum is not altered and the Ohio Content Standards are taught in this intervention first grade program. Every effort is made to keep the classroom size at fifteen and the goal of the program is that every child will progress to second grade at year-end.

**Formative and Summative Assessment Training:**

We have contracted with Align, Assess, Achieve, LLC to help our teachers dig deeper into the indicators, establish learning targets, design sound assessments to improve student involvement, differentiate instruction, intervene, and provide enrichment. This process is the practice of sound classroom assessment which provides teachers with the ability to accurately reflect student achievement. Formative assessing occurs prior to summative assessing. The results from formative assessments will be used FOR learning, and determining enrichment and intervention needs.



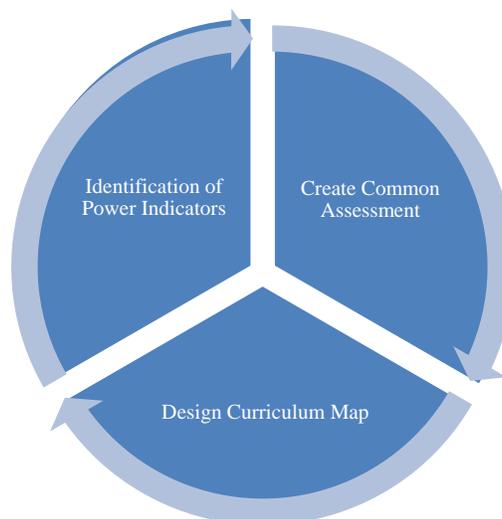
- 10 high school and 10 middle school teachers were trained in this process throughout the 08-09 school year.
- 20 high school and 20 middle school teachers are attending training this year, as well as 40 teachers from the elementary schools.
- Teachers will design learning targets for students at the start of each new unit.
- Learning targets represent the broad statements of state content standards, turned into student-friendly classroom level targets.
- Formative assessments will be written to match the intended learning targets.

**Data Analysis Meetings:**

While these meetings are very time consuming, the end result is quite productive. The meetings address teacher concerns, help them analyze their assessment data, and help them plan their instruction in response to the data analysis. Emphasis is being placed on working with special education students in the general education classroom and reviewing the Ohio Content Standards in detail. Specifically, we have examined the standards, benchmarks and indicators in terms of the performance and knowledge required and the level of questioning and activity required in Bloom’s Taxonomy to teach effectively the standard.

**Curriculum Mapping:**

We have mapped out a plan to determine the most enduring indicators which we will emphasize in our courses, create a pacing chart to make certain we teach the material within the school year, and finally develop a common quarterly assessment for the indicators selected and paced. This work requires a great deal of thinking and a great deal of dialog among teachers.



- Elementary Schools have “Identified Power Indicators” and they are now posted on the district share drive. Curriculum maps and common quarterly assessments have all been created and are ready for revision. All content area curriculum maps and common quarterly assessments need to be posted on the share drive.
- Middle School building teacher leaders are beginning to work on Formative and Summative Assessments and writing learning targets. Curriculum maps and common quarterly assessments have all been created and are ready for revision. All content area curriculum maps and common quarterly assessments need to be posted on the share drive.
- High School Core Areas have “Identified Power Indicators” and are working to finish the development of Curriculum Mapping. Building teacher leaders are also beginning to work on Formative and Summative Assessments and writing learning targets. Common quarterly assessments have all been created and are ready for revision. All content area curriculum maps and common quarterly assessments need to be posted on the share drive.

### **Common Quarterly Assessments:**

Short cycle summative assessments are ultimately the goal for Southwest Licking Local Schools. District common assessments (CQAs) measure growth at the end of each nine-weeks grading period for each grade-level and each subject area. Use the assessment data for collaborative discussions and decision-making around strengths, weaknesses and intervention purposes. CQAs should be a tool for collaborative lesson design. All teachers grades K-12 will be assessing students on a more consistent basis throughout the district in order to inform instruction. Currently teachers are giving formative assessments in state assessed content areas. Additionally, all teachers’ grades 1-12 are using common quarterly assessments to track student growth, identify intervention needed, and to inform instruction.

### **Intervention Assistance Team:**

The Intervention Assistance Team (IAT) is a building team designed to support students, parents, and teachers. The team consists of school personnel including administrators, teachers, and counselors who will work with parents to identify possible ways to help students experience greater success. Over the past few years building teams have gone through extensive training through COSERRC to implement the IAT Process into each of the six buildings. Currently, all six buildings are using IATs to provide research based interventions to our students.

### **Positive Behavior Supports Program:**

PBS is defined as a broad range of systemic and individualized strategies for achieving important social and learning outcomes while preventing problem behavior. PBS’s key attributes include proactive data-based decision-making, problem-solving techniques, and fewer discipline referrals. PBS asks all building staff, including custodians and bus drivers, to work together to teach students expectations and ensure consistency for kids in all areas of the building to ensure academic growth.

- In 08-09 the Pataskala Elementary School Staff put a lot of hard work and effort in working together to be the pilot program for the entire SWL district. It was exciting to see this staff so motivated by this initiative that they just took it and ran with it.
- Building administrators, guidance counselors, and 22 teachers have participated in a series of in-district training offered by the Franklin County ESC to develop building-wide plans to encourage positive student behavior and consistency in expectations.
- Team presentations were given from each school team at our last PBS planning session on their building implementation process for the 09-10 school-year. Our PBS team plan on giving a presentation to the Board of Education and a presentation to staff at our January Teacher In-Service.
- During the 09-10 school-year, teams will meet four times to continue to discuss building progress and further implementation.

### **DRA Training:**

The Developmental Reading Assessment provides teachers with a method for assessing and documenting primary students' development as readers over time within a literature-based instructional reading program. The DRA is designed to be used in K-3 classrooms with rich literate environments. The assessments are conducted during one-on-one reading conferences as children read specially selected assessment texts. A set of 20 stories, which increase in difficulty, are used for the assessment. The DRA evaluates two major aspects of reading: accuracy of oral reading and comprehension through reading and retelling of narrative stories.

**Everyday Math:**

Students acquire knowledge and skills, and develop an understanding of mathematics from their own experience. Mathematics is more meaningful when it is rooted in real life contexts and situations, and when children are given the opportunity to become actively involved in learning. Teachers and other adults play a very important role in providing children with rich and meaningful mathematical experiences.

**Four Blocks:**

The Four-Blocks framework was developed by teachers who believed that to be successful in teaching ALL children must learn to read and write. The Four-Blocks Guided Reading, Self Selected Reading, Writing and Words--represent four different approaches to teaching children to read. The difference between children--their different literacy levels--is accomplished by using a variety of formats to provide additional support for children who struggle and additional challenges for children who catch on quickly.

**D3A2:**

(Driven Decisions for Academic Achievement) Southwest Licking is one of 12 schools in the state piloting the Beta project. To date, our teachers are responding positively to the information available. At this time, the ODE has *made D3A2 Content available to all Districts*. Thousands of content resources are available, including assessments, lesson plans, videos and other resources aligned to Ohio's Academic Content Standards. These resources are made available free of charge by 14 Ohio content providers who have agreed to rigorous development, review and alignment policies. Updates regarding the full-scale (district data loaded) roll-out of D3A2 are expected in the coming months.

**Teacher Educator Standards:**

The Ohio Department of Education adopted standards for Teachers, Principals and Professional Development. The standards are divided into the standard, a short narrative, an element and an observable indicator.

**Course Descriptions:****Watkins Memorial High School and Watkins Middle School**

Course description booklets are intended to inform parents of the course offerings in the MS and HS to allow them to look ahead to their child's future and allow us to better communicate with parents about our curriculum. These documents will be posted on the building's page of the district's website.

**AP Audit:**

Watkins Memorial High School submitted required documentation to the College Board for a required AP Course Audit, the process through which schools request authorization to label their courses "AP." AP Calculus, AP Chemistry, AP Statistics, and AP English teachers were all approved. In November, our courses were on a list of approved "AP" courses per High School and were published as a web-based ledger for colleges, universities, and the public.

**Summer School 2008:**

Summer school enrollment was up from the previous year. The new middle school intervention course offering has really proven to be a success. Parents and students are thrilled that we have individualized instruction for each student taking the course. The teacher evaluations from summer school were very positive. There were 42 students who took the tests, 18 students passed, making our passage percentage 43%. Intervention and individualized instruction will be key to improving this passage rate next summer.

**Watkins Middle School Learning Lab:**

This elective course was developed as a result of not meeting AYP. We are required to provide extra intervention to our struggling students. Also, this course will help in regards to meeting the needs of our Special Education students, addressing the need to provide credit recovery for failing students in order to meet the requirements of our retention policy, and provide interventions for our struggling students. We will have a full time teacher available to work with students in Reading and Math (AYP content areas) and Social Studies and Science teachers have been made available to work with our students as well.

**Teaming in the Middle School:**

All middle grade levels work as teams. Students are assigned to teams which is one of the most significant components of a middle school education. The schedule includes built in intervention and one hour of team time. This time will allow for cooperative team planning, student intervention, and enrichment and student support for homework, guidance, etc. Each teacher will teach six classes and each team schedule will consist of six core areas.

**Professional Development:**

Work on curriculum mapping, common quarterly exams, technology, and formative and summative assessment training will be the focus of staff professional development.

- *August 20, 2009*- District Data, Grade Level OAT/OGT Data Meetings by Content Area, Common Assessments, and Curriculum Mapping
- *October 30, 2009*- SmartBoard Training
- *January 22, 2010*- Positive Behavior Supports, Differentiated Instruction, and Research-Based Intervention
- *March 26, 2010*- Formative and Summative Assessment, Revision of Curriculum Mapping and Common Assessments

**Technology:****SmartBoards:**

The district has purchased 148 SmartBoards and projectors for every classroom across the district. This allow teachers to project what they are teaching onto a screen at the front of the classroom which will make student learning more interactive and provide another visual learning tool for teachers to use for powerpoint, internet access, media, and various other programs. This will drastically increase the use of technology district-wide and enhance teaching and learning at Southwest Licking Local Schools.

**District Share Drive:**

Teachers are now able to share lessons, assessments, SmartBoard resources, and various other materials with one another by using folders to set up by grade level and content area.

**Scantron:**

Southwest Licking has repurchased the Achievement Series by Scantron to develop and administer tests, capture results, and produce standards-based reports. Staff can view the data aggregated by class, grade, school, district, or subject. This will help us make data-driven decisions to inform instruction and guide interventions. Additionally, the district has purchased webinars for each building to use as staff development in assisting teachers in learning how to use their student data to inform instruction.

**Reading A-Z:**

In the area of elementary reading instruction, [www.readingA-Z.com](http://www.readingA-Z.com), has been purchased for K-5 teachers. Reading A-Z offers printable teacher materials to teach guided reading, phonemic awareness, reading comprehension, reading fluency, alphabet, and vocabulary. The teaching resources include professionally developed downloadable leveled books, lesson plans, worksheets and reading assessments. The reading program's downloadable books and lesson plans are standards based and results oriented.

**Study Island:**

Study Island is an Ohio Achievement Assessment and Ohio Graduation Test preparation software that SWL has purchased to help Students master topics built from the Academic Content Standards. The product is web-based and it provided individually paced instruction to students grades three through twelve. Teachers can view detailed progress reports for an individual student as well as their class as a whole, which makes it easy to identify deficiencies.

**ProgressBook:**

ProgressBook is a classroom management system supporting the most recent K-12 standards-based education practices. ProgressBook provides District-wide monitoring of student progress by combining grade book, attendance, lesson plans, report cards, special services, and parent/student/teacher communication. Teachers are using ProgressBook to report student progress to parents on a bi-weekly basis.

## **FINANCIAL INFORMATION**

### ***Internal and Budgetary Controls***

In developing the District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation and that the valuation of cost and benefits requires estimates and judgments by management.

The District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensure that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted by law no later than October 1 or once the County Auditor has completed the tax duplicate for the upcoming calendar year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriations measure, including any supplements or amendments, do not exceed the amount set forth in the latest of these official estimates. All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. Budgets are controlled at the fund level for all funds. All requisition requests must be approved by the Building Principal or Supervisor, and the Superintendent. The Superintendent and the Treasurer must certify that the necessary funds are available for encumbrance. Once certified the purchase orders are created and released to vendors. The accounting system used by the District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to interim financial statements, each Building Principal and Supervisor may go on-line daily to review the status of the budget accounts for which he or she is responsible.

As an additional safeguard, a blanket bond covers all employees involved with receiving and depositing funds, and a separate higher bond covers certain individuals in policy making roles. The basis of accounting and the various funds and account groups utilized by the District are fully described in the notes to the basic financial statements.

### ***Cash Management***

The District operates a cash management program designed to provide safety, liquidity and yield in that order which is in compliance with Senate Bill 81. Funds are invested in the State of Ohio Treasurer's Investment Pool (STAR OHIO), in United States government bills, notes or agencies, in high-grade commercial paper, in high-grade banker's acceptances or, certificates of deposit.

The Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets provides protection of the District's cash and investments. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least one hundred and ten percent of public funds deposited. The designated third party trustees of the financial institutions hold collateral.

### ***Risk Management***

The District continues to protect its assets through a comprehensive insurance program. However, the district is exposed to various risks of loss related to torts, theft or, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2009, the District contracted with Ohio Casualty for general liability, fleet and property insurances. General liability had a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate limit with no deductible. Fleet insurance requires \$100 deductible for comprehensive and \$500 deductible for collision. Property insurance deductibles range from \$1,000 to \$25,000 depending upon the type of property and loss.

The District participates in the State Workers' Compensation System, which is a premium-based program. The premium rate is calculated through an actuarial analysis based on account history and administrative cost.

The District has elected to provide employee medical, dental, vision and life insurance benefits. Medical Mutual of Ohio is the District's medical insurance provider. This is a fully insured plan that permits the District to pay a negotiated premium each month for each employee. The District negotiated a one-year plan with Medical Mutual of Ohio that covers the period from July 1, 2008 through June 30, 2009. Premiums increased effective July 2008 by 6.3%. The increase was due to increased trend and claims payment history. The Board pays 80% of the premium for single and family coverage. The District Insurance Committee reviews and makes recommendations on coverage and plan design. This committee consists of representatives of all associations (unions), non-union staff, and the District Administration. By negotiated agreement, this committee does not have the authority to modify district insurance programs and employee contributions. All recommended changes would have to be ratified by all associations and the Board of Education

The Board pays \$35 per month towards a composite premium for dental insurance. The dental plan includes a \$25 deductible per year for individual and \$50 deductible per year for family with various co-payments required for restorative work; preventative work is covered at 100 percent. The benefit is limited to \$1,000 per person each fiscal year.

The Board pays 100% of the premium for life insurance. Life insurance is provided for all full time employees, except administrative and supervisory employees, in the amount of \$35,000. Life insurance is provided for all administrative and supervisory employees at various levels depending upon their annual salary.

The vision plan is 100% employee paid. The vision plan allows for a vision exam every year with an allowance for glasses/contacts.

### ***Long-Term Financial Planning***

The District prepares a five-year financial forecast annually for use as a tool for long range planning. The five-year forecast contains projected local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The five-year forecast provides early warning signs of potential financial problems.

The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot.

## **CERTIFICATE OF ACHIEVEMENT**

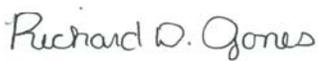
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report (CAFR) for the year ended June 30, 2008. This was the second year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the District's current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

The preparation of the CAFR was made possible with the diligent work provided by Kennedy Cottrell Richards Accounting Firm, the staff in the Treasurer's office, and the support of the Board of Education. A special thanks goes out to the Superintendent and Director of Curriculum and Instruction for their input and assistance in this project.

Respectfully submitted,

  
Richard D. Jones  
Treasurer

  
Forest L. Yocum  
Superintendent

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Southwest Licking  
Local School District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## PRINCIPAL OFFICIALS

### Board of Education

Donald Huber	President
David Engel	Vice-President
Scott Hayes	Member
Brad Williams	Member
Roger Zeune	Member

### Administrative / Supervisory Staff

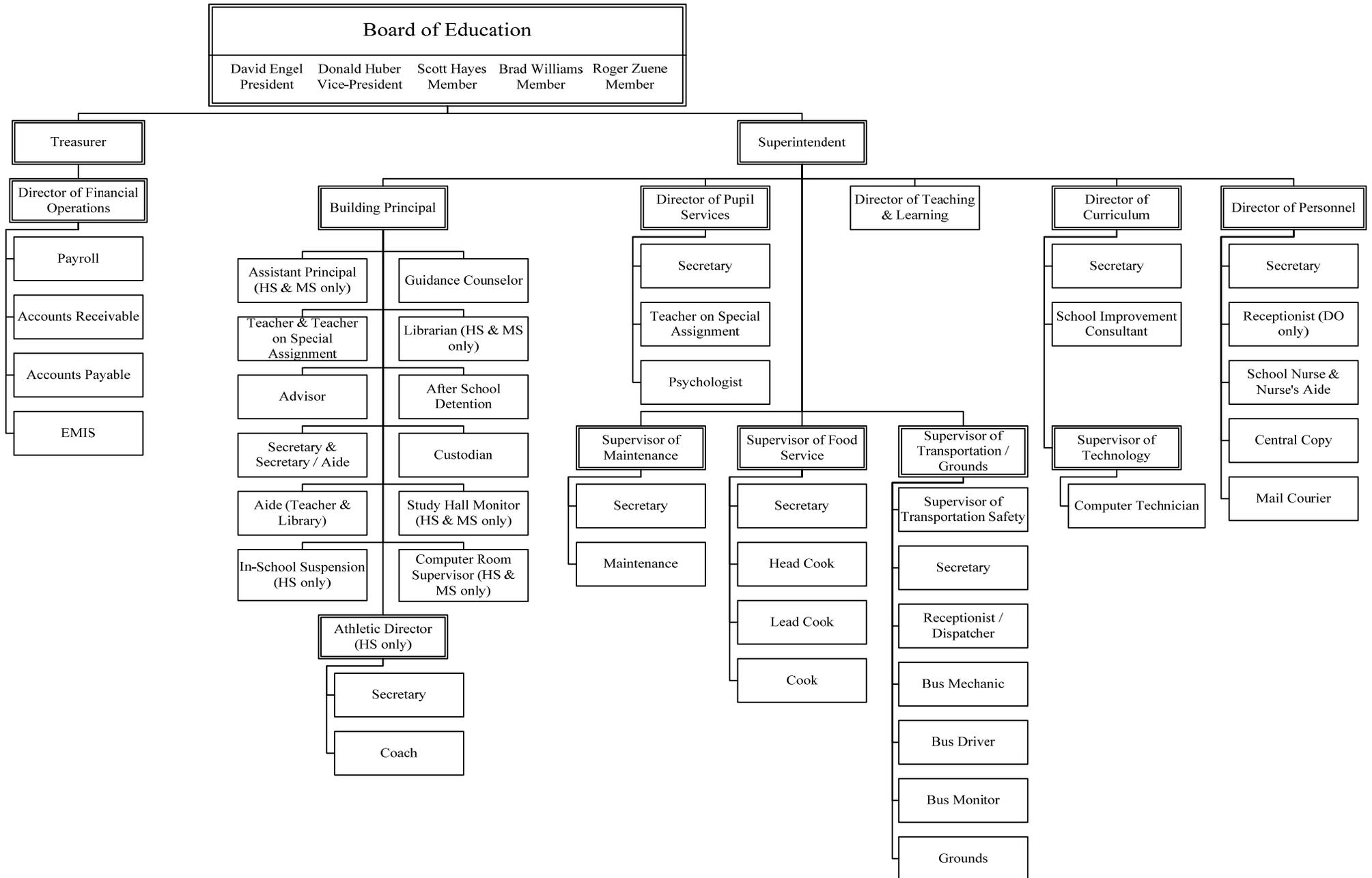
Forest Yocum	Superintendent
William Bremer	Director of Personnel
Charla MacKenzie	Director of Pupil Services
Kristi Thompson	Director of Curriculum
Barbara Triplett	Director of Teaching & Learning
Georgene Graves	School Improvement Consultant
Steven Donahue	Watkins High School Principal
Chuck Kemper	Watkins High School Assistant Principal
John McGiffin	Athletic Director
Chris Kyre	Watkins Middle School Principal
Debra Klier	Watkins Middle School Assistant Principal
Denise Staffilino	Pataskala Elementary Principal
Nichole Jiran	Kirkersville Elementary Principal
Paula Englert	Etna Elementary Principal
Dana Letts	Kindergarten Center Principal
Richard Jones	Treasurer
Milinda Sturm	Director of Financial Operations
Misty Davis	Supervisor of Food Service
Tim Eveland	Supervisor of Maintenance
Todd Liston	Supervisor of Transportation / Grounds
Jeff Cameron	Technology Coordinator

### Treasurer's Department Staff

Jennifer Clifton	Payroll
Kari Clouston	Accounts Payable
Cathy Donahue	Accounts Receivable
Dianne Kellett	EMIS

# Southwest Licking Local School District

## Organizational Chart



## **II. FINANCIAL SECTION**

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### Independent Auditor's Report

Board of Education  
Southwest Licking Local School District  
927-A South Street  
Pataskala, Ohio 43062

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Licking Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise Southwest Licking Local School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Southwest Licking Local School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Southwest Licking Local School District, Licking County, Ohio, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009 on our consideration of Southwest Licking Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report  
Southwest Licking Local School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southwest Licking Local School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Julian & Grube, Inc.  
November 30, 2009

# SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 (UNAUDITED)

As management of the Southwest Licking Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-16 of this report.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$13.8 million (net assets). Of this amount, \$2.7 million (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$.4 million during the fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8.8 million, a decrease of \$50,499, or .6% in comparison with the prior year. Of this amount, \$4.4 million is available for spending at the District's discretion.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$4.4 million, or 13.4% of total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only the District itself (known as the primary government), but also a legally separate Digital Academy for which the District is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31-32 of this report.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 (UNAUDITED)

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

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, permanent improvement fund, and debt service fund, each of which are considered major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 33-37 of this report.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The basic fiduciary fund financial statement can be found on page 38 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 39 of this report.

**Other information.** The combining and individual fund statements and schedules referred to earlier in connection with nonmajor governmental funds can be found on pages 73-93 of this report.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceed liabilities by \$13.8 million at the close of the current fiscal year.

By far the largest portion of the District's net assets (55%) reflects its investment in capital assets (e.g. land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An analysis of fiscal year 2009 in comparison with fiscal year 2008 follows for the Statement of Net Assets:

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Current Assets	\$ 29,690,760	\$ 28,847,081	2.92%
Capital Assets	25,231,616	26,086,645	-3.28%
Total Assets	<u>54,922,376</u>	<u>54,933,726</u>	-0.02%
Current Liabilities	19,477,197	19,047,190	2.26%
Long-term Liabilities	21,675,326	22,895,429	-5.33%
Total Liabilities	<u>41,152,523</u>	<u>41,942,619</u>	-1.88%
Invested in Capital Assets net of related debt	7,487,283	7,190,537	4.13%
Restricted	3,601,403	3,477,292	3.57%
Unrestricted	2,681,167	2,723,278	-1.55%
Total Net Assets	<u>\$ 13,769,853</u>	<u>\$ 13,391,107</u>	2.83%

An additional portion of the District's net assets (26%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2.7 million) may be used to meet the District's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

An analysis of fiscal year 2009 in comparison with fiscal year 2008 follows for the Statement of Activities:

	Governmental Activities		
	2009	Restated 2008	Percent Change
	<u>2009</u>	<u>2008</u>	
<b>Program Revenues</b>			
Charges for Services	\$ 2,028,910	\$ 1,993,426	1.78%
Operating Grants	1,852,702	1,837,066	0.85%
Capital Contributions	-	199,999	-100.00%
<b>General Revenues</b>			
Property Taxes	15,732,013	16,298,324	-3.47%
Income Taxes	4,336,795	4,354,626	-0.41%
Grants and Entitlements	13,937,068	13,756,493	1.31%
Payments in Lieu of Taxes	84,871	18,977	347.23%
Investment Earnings	506,898	564,842	-10.26%
Miscellaneous	171,367	314,050	-45.43%
<b>Total Revenues</b>	<u>38,650,624</u>	<u>39,337,803</u>	-1.75%
<b>Program Expenses</b>			
Instructional	20,118,020	19,541,304	2.95%
Support Services	13,978,415	13,799,803	1.29%
Non-instructional	1,530,821	1,513,630	1.14%
Extra Curricular Activities	985,755	2,025,112	-51.32%
Interest and Fiscal Charges	967,465	1,015,684	-4.75%
Miscellaneous	691,402	727,785	-5.00%
<b>Total Expenses</b>	<u>38,271,878</u>	<u>38,623,318</u>	-0.91%
<b>Change in Net Assets</b>	<u>378,746</u>	<u>714,485</u>	
<b>Net Assets at Beginning of Year</b>	<u>13,391,107</u>	<u>12,676,622</u>	
<b>Net Assets at End of Year</b>	<u>\$ 13,769,853</u>	<u>\$13,391,107</u>	

**Revenues**

The significant increase in Payments in Lieu of Taxes is the result of an increase in personal property tax loss reimbursements from the State of Ohio. The decrease in investment earnings is the direct result of a decreased rate of return on investments, mostly certificates of deposit. The significant decrease in Miscellaneous revenue is primarily the result of the sale of the Beechwood Trails property in fiscal year 2008 (\$180,242).

In fiscal year 2008, the District classified homestead and rollback receipts, totaling \$1,857,623, as Payments in Lieu of Tax receipts. To promote consistency and comparability, the District reclassified the fiscal year 2008 receipts as Intergovernmental receipts to correlate with the fiscal year 2009 classifications. These reclassifications had no effect on net assets.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

***Expenses***

The increases in Instructional and Support Services expenses are primarily the result of salary and benefit increases. All staff received at least a 2% base increase in salary, plus a negotiated step increase ranging from 0% - 5.5% based on the number of years of service and type of degree. In addition, the District had an 6.4% increase in medical insurance premiums. The decrease in Extra Curricular Activities expense is the result of storm water repairs incurred during fiscal year 2008 (\$924,520).

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the costs of program services and the net cost of those services after taking into account program revenues. General revenues including tax revenue, unrestricted State entitlements and investment earnings must support the net cost of program services.

An analysis of fiscal year 2009 in comparison with fiscal year 2008 follows:

	<u>Total Cost of Services 2009</u>	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2009</u>	<u>Net Cost of Services 2008</u>
Program expenses				
Instructional	\$ 20,118,020	\$ 19,541,304	\$ 18,939,406	\$ 18,467,779
Support services	13,978,415	13,799,803	13,296,981	13,010,212
Non-instructional	1,530,821	1,513,630	(57,233)	31,678
Extra Curricular Activities	985,755	2,025,112	552,245	1,339,689
Interest	967,465	1,015,684	967,465	1,015,684
Miscellaneous	691,402	727,785	691,402	727,785
Total	<u>\$ 38,271,878</u>	<u>\$ 38,623,318</u>	<u>\$ 34,390,266</u>	<u>\$ 34,592,827</u>

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

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

***Governmental Funds***

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$8.8 million, a decrease of \$50,499 in comparison with the prior fiscal year. Of this amount, \$4.4 million is available for spending at the District's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed to 1) liquidate contracts and purchase orders of the prior period (\$214,764), 2) to pay debt service (\$2.8 million), 3) set-aside for budget stabilization (\$203,263), and 4) for a variety of other restricted purposes (\$1.2 million).

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)**

An analysis of fiscal year 2009 in comparison with fiscal year 2008 follows:

	Fund Balance June 30, 2009	Fund Balance June 30, 2008	Increase/ (Decrease)
General Fund	\$ 5,301,507	\$ 5,723,163	\$ (421,656)
Debt Service Fund	2,999,949	2,891,830	108,119
Permanent Improvement Fund	281,054	64,027	217,027
Other Governmental Funds	173,778	127,767	46,011
Total	<u>\$ 8,756,288</u>	<u>\$ 8,806,787</u>	<u>\$ (50,499)</u>

*General Fund*

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$4.4 million, while total fund balance was \$5.3 million. As a measure of the general funds liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 13.4% of total general fund expenditures, while total fund balance represents 16.2% of that same amount.

The tables that follow assist in illustrating the financial activities and balances of the General Fund.

	2009	2008	Change
<u>Revenues:</u>			
Property Taxes	\$ 12,973,834	\$ 13,108,143	-1.02%
Income Taxes	4,336,795	4,354,626	-0.41%
Payments in Lieu of Taxes	84,871	18,977	347.23%
Intergovernmental	13,611,220	13,564,555	0.34%
Charges for Services	159,307	165,053	-3.48%
Interest	347,273	516,884	-32.81%
Tuition and Fees	505,084	462,839	9.13%
Extracurricular Activities	109,390	152,475	-28.26%
Other	173,212	116,550	48.62%
Total Revenues	<u>\$ 32,300,986</u>	<u>\$ 32,460,102</u>	-0.49%
<u>Expenses:</u>			
Instruction	\$ 19,065,841	\$ 18,446,382	3.36%
Support Services	12,963,888	12,500,038	3.71%
Non-instructional Services	-	4,297	-100.00%
Extracurricular Activities	574,889	562,519	2.20%
Capital Outlay	119,289	24,669	383.56%
Total Expenditures	<u>\$ 32,723,907</u>	<u>\$ 31,537,905</u>	3.76%
Excess of Revenues Over Expenditures	<u>(422,921)</u>	<u>922,197</u>	-145.86%
Proceeds from Sales of Assets	1,265	8,825	-85.67%
Excess of Revenues and Transfers Over Expenditures	<u>(421,656)</u>	<u>931,022</u>	-145.29%

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 (UNAUDITED)**

The fund balance of the District's general fund decreased by \$421,656 during the current fiscal year. The significant decrease in Interest Earnings is the result of a decreased rate of return of the District's investments. The increases in Instructional and Support Services expenses are primarily the result of salary and benefit increases. All staff received at least a 2% base increase in salary, plus a negotiated step increase ranging from 0% - 5.5% based on the number of years of service and type of degree. In addition, the District had an 6.4% increase in medical insurance premiums.

#### *Bond Retirement Fund*

The debt service fund has a total fund balance of \$3 million, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year was \$108,119. This is the amount by which property tax related receipts outstripped the current year debt service requirements.

#### *Permanent Improvement Fund*

The permanent improvement fund has a total fund balance of \$281,054, a \$217,027 increase in comparison with the prior year. This is the amount by which property tax related receipts outstripped capital outlay expenditures.

### **General Fund Budget Information**

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

There were only minimal differences between the District's original and final budgeted amounts. Actual revenues and other financing sources exceeded the final revenues and other financing sources estimate by \$479,764, or 1.5%, and actual expenditures and other financing uses were \$468,826, or 1.4%, less than final appropriations.

### **Capital Assets**

At the end of the fiscal year, the District's had \$25.2 million (net of accumulated depreciation) invested in capital assets compared to \$26.1 million in the prior year. The decrease in capital assets is due to additions of \$270,157 being offset by \$1.1 million in depreciation. This investment in capital assets includes land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Detailed information regarding capital asset activity is included in the Note 8 to the basic financial statements.

### **Debt**

At the end of the fiscal year, the District had total bonded debt outstanding of \$19 million, a decrease of \$1 million from fiscal year 2008. The District had no debt issuances during the fiscal year. The decrease is a result of principal payments of \$1.3 million being offset by \$225,688 net increase from the accretion and amortization of debt outstanding.

In addition, the District had \$200,000 in tax anticipation notes outstanding at the end of the year, a decrease of \$200,000 during the fiscal year, which was the result of a principal payment. Detailed information regarding long-term obligations is included in Notes 9 to the basic financial statements.

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 (UNAUDITED)**

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. As of June 30, 2009, the District's general obligation debt was below the legal limit.

#### **Economic Factors**

In May 2009 the District replaced a 2.8 mill permanent improvement levy for a continuing period of time. In May 2005, the voters approved an emergency operating levy that will generate \$3,250,000 each year for a five year period.

The Board of Education and administration of the District must continue to maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

The District is currently working with the Ohio School Facilities Commission and has completed the master plan for the District. The District is currently part of the Expedited Local Partnership program with the Ohio School Facilities Commission. Since the master plan has been developed and agreed to, any projects completed by the District, that are included in the master plan, will be credited toward the District's local share of funding for completion of the master plan.

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

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

## **BASIC FINANCIAL STATEMENTS**

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2009

	Primary Government Governmental Activities	Component Unit Southwest Licking Digital Academy
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 6,860,953	\$ 20,039
Investments	2,500,000	-
Cash in a Segregated Account	470	-
Restricted Cash and Cash Equivalents	41,025	-
Receivables:		
Property Taxes	16,783,344	-
Income Taxes	1,496,597	-
Accounts	369,569	211
Intergovernmental	1,197,584	-
Interest	136,531	-
Prepaid Items	62,491	-
Supplies Inventory	25,534	-
Inventory Held for Resale	18,097	-
Deferred Bond Issuance Costs	198,565	-
Nondepreciable Capital Assets	751,808	-
Depreciable Capital Assets, Net	24,479,808	1,284
<b>Total Assets</b>	<b>54,922,376</b>	<b>21,534</b>
<b>Liabilities</b>		
Accounts Payable	103,260	14,543
Accrued Salaries Payable	2,805,717	-
Intergovernmental Payable	1,006,040	-
Accrued Interest Payable	83,450	-
Unearned Revenue	15,478,730	-
Long-Term Liabilities		
Due within One Year	1,803,703	-
Due in More Than One Year	19,871,623	-
<b>Total Liabilities</b>	<b>41,152,523</b>	<b>14,543</b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	7,487,283	1,284
Restricted for:		
Debt Service	3,159,602	-
Capital Projects	311,216	-
Unexpended Grants	110,333	-
Other Purposes	20,252	-
Unrestricted	2,681,167	5,707
<b>Total Net Assets</b>	<b>\$ 13,769,853</b>	<b>\$ 6,991</b>

See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Component Unit Southwest Licking Digital Academy
<b>Governmental Activities</b>					
Instruction					
Regular Instruction	\$ 13,796,901	\$ 224,356	\$ 96,694	\$ (13,475,851)	\$ -
Special Instruction	3,318,459	44,492	632,390	(2,641,577)	-
Vocational Instruction	463,143	7,656	24,165	(431,322)	-
Other Instruction	2,539,517	41,114	107,747	(2,390,656)	-
Support Services					
Pupils	2,018,783	33,211	40,273	(1,945,299)	-
Instructional Staff	1,575,220	21,351	209,176	(1,344,693)	-
Board of Education	57,839	982	-	(56,857)	-
Administration	2,953,796	169,240	9,750	(2,774,806)	-
Fiscal Services	944,407	47,471	-	(896,936)	-
Business Operations	134,629	1,629	-	(133,000)	-
Operation and Maintenance of Plant	2,945,165	41,877	-	(2,903,288)	-
Pupil Transportation	2,242,686	34,940	22,718	(2,185,028)	-
Central	1,105,890	19,717	29,099	(1,057,074)	-
Non-instructional	1,530,821	907,364	680,690	57,233	-
Extra Curricular Activities	985,755	433,510	-	(552,245)	-
Interest and Fiscal Charges	967,465	-	-	(967,465)	-
Unallocated Depreciation	691,402	-	-	(691,402)	-
<b>Total Governmental Activities</b>	<b>\$ 38,271,878</b>	<b>\$ 2,028,910</b>	<b>\$ 1,852,702</b>	<b>(34,390,266)</b>	<b>-</b>
<b>Component Unit</b>					
Southwest Licking Digital Academy	\$ 339,706	\$ -	\$ 308,319	-	(31,387)
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes				13,018,051	-
Debt Service				1,887,183	-
Capital Projects				826,779	-
Income Taxes				4,336,795	-
Grants & Entitlements not Restricted				13,937,068	19,318
Payment in Lieu of Taxes				84,871	-
Investment Earnings				506,898	942
Miscellaneous				171,367	211
<b>Total General Revenues</b>				<b>34,769,012</b>	<b>20,471</b>
<b>Change in Net Assets</b>				<b>378,746</b>	<b>(10,916)</b>
<b>Net Assets Beginning of Year</b>				<b>13,391,107</b>	<b>17,907</b>
<b>Net Assets End of Year</b>				<b>\$ 13,769,853</b>	<b>\$ 6,991</b>

See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2009**

	General Fund	Permanent Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 5,830,182	\$ 425,974	\$ 177,496	\$ 427,301	\$ 6,860,953
Investments	-	-	2,500,000	-	2,500,000
Cash in a Segregated Account	-	-	-	470	470
Restricted Cash and Cash Equivalents	41,025	-	-	-	41,025
Receivables:					
Property Taxes	13,549,356	1,209,411	2,024,577	-	16,783,344
Income Taxes	1,496,597	-	-	-	1,496,597
Accounts	366,849	-	-	2,720	369,569
Intergovernmental	821,962	50,703	104,824	220,095	1,197,584
Interest	136,531	-	-	-	136,531
Supplies Inventory	25,534	-	-	-	25,534
Inventory Held for Resale	-	-	-	18,097	18,097
Prepaid Items	62,491	-	-	-	62,491
<b>Total Assets</b>	<b>\$ 22,330,527</b>	<b>\$ 1,686,088</b>	<b>\$ 4,806,897</b>	<b>\$ 668,683</b>	<b>\$ 29,492,195</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 61,793	\$ 34,125	\$ -	\$ 7,342	\$ 103,260
Accrued Wages and Benefits	2,629,332	-	-	176,385	2,805,717
Intergovernmental Payable	914,095	277	573	91,095	1,006,040
Deferred Revenue	13,387,535	1,170,632	1,806,375	219,547	16,584,089
Compensated Absences Payable	36,265	-	-	536	36,801
Tax Anticipation Note	-	200,000	-	-	200,000
<b>Total Liabilities</b>	<b>17,029,020</b>	<b>1,405,034</b>	<b>1,806,948</b>	<b>494,905</b>	<b>20,735,907</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	80,088	120,849	-	13,827	214,764
Bus Purchases	36,845	-	-	-	36,845
Unclaimed Monies	4,180	-	-	-	4,180
Supplies Inventory	25,534	-	-	18,097	43,631
Property Taxes	491,510	38,779	218,202	-	748,491
Prepays	62,491	-	-	-	62,491
Unreserved/Designated for:					
Budget Stabilization	203,263	-	-	-	203,263
Unreserved/Undesignated, Reported in:					
General Fund	4,397,596	-	-	-	4,397,596
Special Revenue Funds	-	-	-	141,854	141,854
Debt Service Fund	-	-	2,781,747	-	2,781,747
Capital Project Funds	-	121,426	-	-	121,426
<b>Total Fund Balances</b>	<b>5,301,507</b>	<b>281,054</b>	<b>2,999,949</b>	<b>173,778</b>	<b>8,756,288</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 22,330,527</b>	<b>\$ 1,686,088</b>	<b>\$ 4,806,897</b>	<b>\$ 668,683</b>	<b>\$ 29,492,195</b>

See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2009

**Total Governmental Fund Balances** \$ 8,756,288

*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 25,231,616

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Property Tax Receivables	556,123
Intergovernmental Receivables	219,547
Accounts Receivables	199,217
Interest Receivables	130,472

Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and Notes Payable	(18,959,353)
Plus: Issuance Premium	(899,043)
Less: Deferred Charge on Refunding	912,495
Less: Deferred Charge for Issuance Costs	198,565
Accrued Interest Payable	(83,450)
Capital Leases Payable	(91,376)
Compensated Absence Payable	(2,391,248)
Retirement Incentive Payable	(10,000)
	<u>(21,323,410)</u>

**Net Assets of Governmental Activities** \$ 13,769,853

See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Permanent Improvement Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 12,973,834	\$ 822,902	\$ 1,871,494	\$ -	\$ 15,668,230
Income Taxes	4,336,795	-	-	-	4,336,795
Payments in Lieu of Taxes	84,871	-	-	-	84,871
Intergovernmental	13,611,220	129,157	243,574	1,761,366	15,745,317
Charges for Services	159,307	-	-	888,269	1,047,576
Interest	347,273	15,707	-	13,446	376,426
Tuition and Fees	505,084	-	-	-	505,084
Extracurricular Activities	109,390	-	-	231,428	340,818
Other	173,212	1,198	-	111,842	286,252
Total Revenues	<u>32,300,986</u>	<u>968,964</u>	<u>2,115,068</u>	<u>3,006,351</u>	<u>38,391,369</u>
<b>Expenditures:</b>					
Instruction:					
Regular	13,511,077	94,614	-	93,789	13,699,480
Special	2,673,532	-	-	615,651	3,289,183
Vocational	461,046	-	-	76	461,122
Other	2,420,186	-	-	105,807	2,525,993
Support services:					
Pupils	1,983,156	-	-	39,419	2,022,575
Instructional Staff	1,349,171	-	-	203,512	1,552,683
Board of Education	57,839	-	-	-	57,839
Administration	2,911,305	-	-	9,544	2,920,849
Fiscal Services	889,460	14,824	-	-	904,284
Business Operations	100,790	1,794	31,673	-	134,257
Operation and Maintenance of Plant	2,591,005	35,729	-	-	2,626,734
Pupil Transportation	2,207,777	24,938	-	1,079	2,233,794
Central	873,385	272,045	-	35,104	1,180,534
Non-instructional Services	-	-	-	1,536,703	1,536,703
Extracurricular Activities	574,889	-	-	319,656	894,545
Capital Outlay	119,289	253,451	-	-	372,740
Debt service:					
Principal Retirement	-	31,990	1,270,000	-	1,301,990
Interest and Fiscal Charges	-	22,552	705,276	-	727,828
Total Expenditures	<u>32,723,907</u>	<u>751,937</u>	<u>2,006,949</u>	<u>2,960,340</u>	<u>38,443,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(422,921)</u>	<u>217,027</u>	<u>108,119</u>	<u>46,011</u>	<u>(51,764)</u>
<b>Other financing sources (uses):</b>					
Proceeds from Sale of Assets	1,265	-	-	-	1,265
Total other financing sources (uses)	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,265</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(421,656)	217,027	108,119	46,011	(50,499)
Fund Balance Beginning of Year	5,723,163	64,027	2,891,830	127,767	8,806,787
Fund Balance End of Year	<u>\$ 5,301,507</u>	<u>\$ 281,054</u>	<u>\$ 2,999,949</u>	<u>\$ 173,778</u>	<u>\$ 8,756,288</u>

See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**Net Change in Fund Balances - Total Governmental Funds** \$ (50,499)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation Expense	(1,125,185)
Capital Outlay	270,156

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	340,705
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond and Note Principal Repayments	1,270,000
Capital Lease Principal Repayments	31,990

Some expenses reported in the statement of activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Compensated Absences	(137,984)
Retirement Incentive	19,200
Accrued Interest	1,263
Amortization of Deferred Charge on Refunding	(72,088)
Amortization of Bond Issuance Costs	(15,212)
Amortization of Bond Premium	137,086
Accretion of Capital Appreciation Bonds	(290,686)

<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 378,746</b>
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See accompanying notes to the basic financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE OVER/(UNDER)
<b>Revenues:</b>				
Property Taxes	\$ 12,860,861	\$ 12,860,861	\$ 13,170,173	\$ 309,312
Income Taxes	4,348,234	4,348,234	4,504,444	156,210
Tuition & Fees	515,602	477,909	504,170	26,261
Earnings on Investments	350,000	350,000	381,719	31,719
Extracurricular Activities	183,802	168,029	108,920	(59,109)
Intergovernmental	13,793,705	12,766,348	12,789,258	22,910
Charges for Services	129,400	129,400	169,465	40,065
Miscellaneous	209,898	210,179	143,820	(66,359)
<b>Total Revenues</b>	<b>32,391,502</b>	<b>31,310,960</b>	<b>31,771,969</b>	<b>461,009</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Regular	13,545,361	13,564,535	13,450,672	113,863
Special	2,599,841	2,677,010	2,651,457	25,553
Vocational	458,663	457,531	454,872	2,659
Other	2,227,991	2,430,643	2,395,148	35,495
<b>Support Services:</b>				
Pupils	2,024,455	2,023,892	1,965,236	58,656
Instructional Staff	1,489,470	1,397,265	1,370,050	27,215
Board of Education	49,835	58,727	57,843	884
Administration	3,023,904	2,942,645	2,900,571	42,074
Fiscal	881,220	886,625	886,170	455
Business	123,021	123,844	120,876	2,968
Operation and Maintenance of Plant	2,730,782	2,661,535	2,594,361	67,174
Pupil Transportation	2,213,658	2,297,240	2,219,334	77,906
Central	833,396	920,846	914,730	6,116
Extracurricular Activities	586,741	584,017	576,209	7,808
Capital Outlay	243,943	129,969	129,969	-
<b>Total Expenditures</b>	<b>33,032,281</b>	<b>33,156,324</b>	<b>32,687,498</b>	<b>468,826</b>
Excess of Revenues Over (Under) Expenditures	(640,779)	(1,845,364)	(915,529)	929,835
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of assets	2,500	2,500	1,265	(1,235)
Other Financing Uses	(143,750)	-	-	-
Transfers -In	435,000	435,000	454,990	19,990
Transfers -Out	(435,000)	(454,990)	(454,990)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(141,250)</b>	<b>(17,490)</b>	<b>1,265</b>	<b>18,755</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(782,029)	(1,862,854)	(914,264)	948,590
Fund Balances at Beginning of Year	6,599,335	6,599,335	6,599,335	-
Prior Year Encumbrances Appropriated	84,265	84,265	84,265	-
<b>Fund Balances at End of Year</b>	<b>\$ 5,901,571</b>	<b>\$ 4,820,746</b>	<b>\$ 5,769,336</b>	<b>\$ 948,590</b>

See accompanying notes to the basic financial statements

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
AS OF JUNE 30, 2009**

	<u>Agency Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 34,090</u>
Total Assets	<u>34,090</u>
<b>Liabilities</b>	
Held for Student Liabilities	<u>34,090</u>
Total Liabilities	<u><u>\$ 34,090</u></u>

See accompanying notes to the basic financial statements.

# SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

### NOTE 1 – DESCRIPTION OF THE DISTRICT AND 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 is staffed by 169 non-certificated personnel and 271 certificated full-time personnel who provide services to 3,890 students and other community members. The District currently operates six instructional buildings, one administrative building, and one support service building.

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

The following activities are included within the reporting entity:

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes.

**Discretely Presented Component Unit.** The component unit information on the Statement of Net Assets and the Statement of Activities identifies the financial data of the District's Component Unit, the Southwest Licking Digital Academy (the Academy). The Academy is reported separately to emphasize that it is legally separate from the District.

**Southwest Licking Digital Academy.** In March of 2003, the District's Board of Education, by resolution, created the Academy pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Academy's mission is to enhance and facilitate student learning by

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

#### **NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY (Continued)**

providing state of the art digital curriculum and instruction; innovative, collaborative leadership; and technical expertise and support that will prepare students to become lifelong learners and intelligent decision makers. The students may include, but will not be limited to, home schooled children, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students within the District (the Academy's sponsor school district) that desire a specific course not currently offered that is available through online instruction. The Academy operates under the direction of a five-member Board of Directors made up of members from the public who are appointed by the District. A majority of the members shall be elected or appointed public officials or public employees, or shall be community leaders who have demonstrated a professional interest in education or in other issues involving children. The remaining members shall be persons who are parents of students who are expected to attend the Academy. The Academy's board may adopt budgets, hire and fire employees, and receive funding from the Ohio Department of Education. The Academy is a component unit of the District. The District appoints a majority of the Board of Directors and is able to impose its will on Academy. The District can suspend the Academy's operations for any of the following reasons: 1) failure to meet student performance requirements stated in its contract with the District, 2) failure to meet generally accepted standards of fiscal management, 3) violation of any provisions of the contract with the District or applicable state or federal law, or 4) other good cause. Separately issued financial statements can be obtained from the Southwest Licking Digital Academy, 927-A South Street, Pataskala, Ohio 43062.

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

##### **(a) Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) 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 revenues, 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 demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not "classified as" or "not meeting the definition of" program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds (the District has none), and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except agency funds which do not report results of operations and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, tuition, grants and student fees.

The District reports unearned revenue on its statement of net assets and deferred revenue on the governmental funds balance sheet. Deferred revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. For tax receipts, the “intended to finance” criteria must also be met. Grants and entitlements received before eligibility requirements were met have also been recorded as deferred revenue. On the governmental fund financial statements receivables not collected in the available period are recognized as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of net assets and governmental funds balance sheet and revenue is recognized.

The District 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.

*Permanent Improvement Fund* — The Permanent Improvement Fund is used to account for financial resources to be used for the acquisition and/or construction of major capital facilities.

*Debt Service Fund* — The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Other Governmental Funds* of the District account for food services, co-curricular activities, federal and state grants, and other resources.

# SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

*Fiduciary Funds* — Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District's only fiduciary fund is an agency fund which accounts for student activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

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.

#### (c) **Budgetary Data**

All funds, except agency 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 expenditures for the general fund. Any budgetary modifications at this 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 revenue 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Cash and Investments**

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as expenses, and sales of investments are not recorded as revenues. During the fiscal year, the District invested in federal agency securities, an overnight repurchase agreement, certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. These funds include the general fund, permanent improvement fund, food service, public school support, district managed student activities and auxiliary services. In addition, interest earnings on debt service fund investments are recorded entirely in the general fund. Of the amount reported in the general fund, approximately \$120,575 was assigned from other District funds.

**(e) Restricted Assets**

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

**(f) Inventory and Prepaid Items**

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory is recorded at fair market value for commodities. The District's inventory balances consist of materials and supplies and food commodities.

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

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

At fiscal year-end, because inventory and prepaid items are not available to finance future governmental fund expenditures, the fund balance is reserved in the fund financial statements by an amount equal to the carrying value of the asset.

**(g) Capital Assets and Depreciation**

Capital assets are reported in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of five years or greater. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their estimated fair market value as of the date received.

All reported capital assets, with the exception of land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Land Improvements	10 – 30
Buildings and Improvements	20 – 50
Furniture, Fixtures and Equipment	5 – 20
Vehicles	5 – 10

**(h) Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditure/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. These transfers are eliminated from the statement of activities. On the fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net assets.

**(i) Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

In the government-wide financial statements, all long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as a other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Long-term notes paid from the governmental funds are recognized as a liability in the fund financial statements since current resources are used to finance the debt.

**(j) Net Assets**

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for unclaimed funds, underground storage reserves, and auxiliary services.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. On the government-wide statement of net assets, none of the restricted net assets were a result of enabling legislation.

**(k) Fund Balance Reserves and Designations**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, bus purchases, unclaimed monies, supplies inventories, property taxes and prepaids.

Designations of fund balances represent tentative management plans that are subject to change. A fund balance designation has been established for budget stabilization.

**(l) Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**(m) Unamortized Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide statements, issuance costs are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the Statement of Net Assets.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

**(n) Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reported period. Actual results could differ from those estimates.

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

**Net Change in Fund Balance**

GAAP Basis	\$	(421,656)
Revenues		(529,017)
Expenditures		122,080
Encumbrances		(85,671)
Budgetary Basis	\$	<u>(914,264)</u>

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

#### **NOTE 4 – DEPOSITS AND INVESTMENTS**

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

Active monies are public monies 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 held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
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, Government National Mortgage Association and Student Loan Marketing 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 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)**

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

**Deposits**

**Custodial Credit Risk** - In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At fiscal year-end, the carrying amount of the District's deposits was \$6,963,225, exclusive of repurchase agreement below and including \$7,500,000 in certificates of deposit, and the bank balance was \$7,953,489. Of the District's bank balance, \$2,703,489 was exposed to custodial risk because it was uninsured and uncollateralized, while \$5,250,000 was covered by Federal Deposit Insurance. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments** At fiscal year end, the District's had the following investments:

Investment Type	Fair Value	Percent of Total	Investment Maturities
			Within 1 Year
FHLMC Note	\$ 1,015,950	41.08%	\$ 1,015,950
Repurchase Agreement	1,287,189	52.04%	1,287,189
STAR Ohio	170,174	6.88%	170,174
<b>Total</b>	<b>\$ 2,473,313</b>	<b>100%</b>	<b>\$ 2,473,313</b>

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

**Credit Risk** - The Federal Home Loan Mortgage Corporation Note carried a rating by Standard & Poor's of AAA. STAR Ohio carries a rating of AAAM by Standard and Poor's. The investments underlying the District's repurchase agreement were rated AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

**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. The federal agency security is exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

#### NOTE 5 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax collections are received by the 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, public utility and tangible personal property (used in business) located in the school district. Real property tax revenues received in calendar year 2009 represent collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, 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.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### **NOTE 5 – PROPERTY TAXES (Continued)**

Public utility property tax revenues received in calendar 2009 represent collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received during calendar 2009 (other than public utility property) represent the collection of calendar 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 1, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Licking and Fairfield Counties. The County Auditors periodically advance to the District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$491,510 in the general fund, \$218,202 in the debt service, and \$38,779 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2008, was \$602,978 in the general fund, \$293,061 in the debt service, and \$47,664 in the permanent improvement fund. 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.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the government-wide financial statements, collectible delinquent property taxes have been recorded as a receivable and revenue, while on fund financial statements the revenue has been deferred.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 5 – PROPERTY TAXES (Continued)**

The assessed values upon which the fiscal year 2009 taxes were collected are:

	<u>2008 Second Half Collections</u>		<u>2009 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$ 487,945,690	85.66%	\$ 493,049,840	85.40%
Commercial/Industrial and Public Utility Real	59,446,260	10.44%	64,183,240	11.12%
Public Utility Personal	14,345,610	2.52%	14,946,620	2.58%
Tangible Personal Property	7,896,324	1.38%	5,169,450	0.90%
<b>Total</b>	<b>\$ 569,633,884</b>	<b>100.00%</b>	<b>\$ 577,349,150</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$ 37.22		\$ 36.39	

**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 – DUE TO/FROM OTHER FUNDS**

On an as-needed basis, the District’s General Fund advances cash to other funds of the District to eliminate cash deficits. Advances are repaid to the General Fund in the following fiscal year. There were no advances made during fiscal year 2009.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 – CAPITAL ASSETS**

A summary of capital asset activity for the fiscal year follows:

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Nondepreciable Capital Assets</b>				
Land	\$ 751,808	\$ -	\$ -	\$ 751,808
<b>Total Nondepreciable Assets</b>	<b>751,808</b>	<b>-</b>	<b>-</b>	<b>751,808</b>
<b>Depreciable Capital Assets</b>				
Land Improvements	964,253	16,136	-	980,389
Buildings	31,305,774	-	-	31,305,774
Furniture and Equipment	4,166,229	45,435	-	4,211,664
Vehicles	2,588,191	208,585	(7,000)	2,789,776
<b>Total Depreciable Assets</b>	<b>39,024,447</b>	<b>270,156</b>	<b>(7,000)</b>	<b>39,287,603</b>
<b>Less accumulated depreciation</b>				
Land Improvements	(419,269)	(48,820)	-	(468,089)
Buildings	(8,212,120)	(683,881)	-	(8,896,001)
Furniture and Equipment	(3,100,958)	(188,915)	-	(3,289,873)
Vehicles	(1,957,263)	(203,569)	7,000	(2,153,832)
<b>Total accumulated depreciation</b>	<b>(13,689,610)</b>	<b>(1,125,185)</b>	<b>7,000</b>	<b>(14,807,795)</b>
<b>Depreciable Capital Assets, Net of accumulated depreciation</b>	<b>25,334,837</b>	<b>(855,029)</b>	<b>-</b>	<b>24,479,808</b>
<b>Total Capital Assets, Net</b>	<b>\$ 26,086,645</b>	<b>\$ (855,029)</b>	<b>\$ -</b>	<b>\$ 25,231,616</b>

Depreciation expense was charged to the governmental functions as follows:

Instruction Regular	\$ 22,323
Instructional Staff	11,052
School Administration	38,029
Fiscal Services	13,788
Business	1,590
Operations and Maintenance	20,595
Pupil Transportation	215,878
Central	329
Community Services	26,380
Extracurricular Activities	83,819
Unallocated	691,402
<b>Total depreciation expense</b>	<b>\$ 1,125,185</b>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 9 – LONG TERM OBLIGATIONS**

A summary of changes in long-term obligations for the fiscal year ended June 30, 2009 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>1999 School Improvement Bonds</u> 4.00-5.75% maturing 12/1/2016	\$ 3,545,000	\$ -	\$ (190,000)	\$ 3,355,000	\$ 225,000
<u>Energy Conservation Notes</u>					
<u>Series 2003A</u>					
Current Interest Bonds (1.2-4.1%) maturing 12/1/2018	1,200,000	-	(100,000)	1,100,000	-
Capital Appreciation Bonds	97,130	5,222	-	102,352	102,352
<u>Refunding Bonds Series 2003B</u>					
Current Interest Bonds (1.2-4.4%) maturing 12/1/2022	4,135,000	-	(295,000)	3,840,000	340,000
Capital Appreciation Bonds	931,124	98,619	-	1,029,743	-
<u>2005 Refunding Bonds</u>					
Current Interest Bonds (1.2-4.4%) maturing 12/1/2022	7,295,000	-	(685,000)	6,610,000	680,000
Capital Appreciation Bonds	2,735,413	186,845	-	2,922,258	-
<u>Tax Anticipation Notes</u>					
Maturing 12/1/2009 (4.5-4.75%)	400,000	-	(200,000)	200,000	200,000
Bonds and Notes Payable	<u>20,338,667</u>	<u>290,686</u>	<u>(1,470,000)</u>	<u>19,159,353</u>	<u>1,547,352</u>
<u>Energy Conservation Notes</u>					
<u>Series 2003A</u>					
Appreciation Bonds Premium	2,988	-	(1,992)	996	-
<u>Refunding Bonds Series 2003B</u>					
Current Interest Bonds Premium	7,065	-	(487)	6,578	-
Appreciation Bonds Premium	370,145	-	(51,608)	318,537	-
Deferred Amount on Refunding	(379,272)	-	30,342	(348,930)	-
<u>2005 Refunding Bonds</u>					
Current Interest Bonds Premium	307,593	-	(21,213)	286,380	-
Appreciation Bonds Premium	348,338	-	(61,786)	286,552	-
Deferred Amount on Refunding	(605,311)	-	41,746	(563,565)	-
Total Bonds and Notes	<u>20,390,213</u>	<u>290,686</u>	<u>(1,534,998)</u>	<u>19,145,901</u>	<u>1,547,352</u>
Capital Leases	123,366	-	(31,990)	91,376	33,762
Retirement Incentive	29,200	10,000	(29,200)	10,000	10,000
Compensated Absences	2,352,650	341,583	(266,184)	2,428,049	212,589
Total	<u>\$ 22,895,429</u>	<u>\$ 642,269</u>	<u>\$ (1,862,372)</u>	<u>\$ 21,675,326</u>	<u>\$ 1,803,703</u>

Capital leases are being paid out of the Permanent Improvement Fund. Retirement incentives and compensated absences are paid out of the General Fund.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 9 – LONG TERM OBLIGATIONS (Continued)

**1999 School Improvement Bonds** - On March 15, 1999, the District issued School Facilities Construction and Improvement Bonds for \$19,120,000, with a varying interest rate of 3.1 to 5.15 percent, for the purpose constructing, renovating, furnishing, and equipping school buildings. The bond was issued for a twenty-eight year period with final maturity during fiscal year 2027. On March 8, 2005 the District issued refunding bonds in the amount of \$11,164,987 to advance refund a portion of the outstanding 1999 school facilities construction bonds and take advantage of lower interest rates. As a result, \$11,165,000 of the 1999 school facilities construction and improvement bonds were considered defeased and removed from the District's liability. \$11,958,166 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded portion of the 1999 bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$793,166. As of June 30, 2009, \$9,599,750 in investments with a market value of \$11,546,532 remained in the irrevocable trust to retire outstanding defeased bonds in the amount of \$11,165,000.

**Energy Conservation Notes, Series 2003A** - On December 9, 2003, the District issued unvoted Energy Conservation Serial and Capital Appreciation Notes for \$1,575,000 and \$75,000, respectively, with varying interest rates of 1.2 to 4.1 percent. The purpose of the issuance was to install energy conservation improvements for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a fifteen year period with final maturity during fiscal year 2019. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations. The notes were issued at a premium of \$11,950 with associated issuance costs of \$25,466. The capital appreciation notes of \$75,000 will mature in fiscal year 2010 at \$105,000. As of June 30, 2009, accumulated accretion on the notes is \$27,352.

**Refunding Bonds, Series 2003B** - On April 1, 1995, the District issued School Improvement Bonds for \$6,638,000, with a varying interest rate of 4.3 to 5.75 percent, for the purpose of constructing, renovating, furnishing, and equipping school buildings. The bond was issued for a twenty-eight year period with final maturity during fiscal year 2023. On December 9, 2003, the District advance refunded the 1995 bonds issuance and issued \$5,559,988 in bonds with varying interest rate of 1.2 to 4.4 percent. Of the December 9, 2003 proceeds, \$5,090,000 was serial bonds and \$469,988 was capital appreciation bonds. The bonds were sold at a premium of \$9,258 and \$602,380, respectively, with associated issuance costs of \$82,299. On December 9, 2003, \$6,075,810 was placed into an irrevocable trust to provide for all future debt service payments on the refunded 1995 school improvement bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$515,810. On December 1, 2005 the bonds were called and the refunded 1995 school improvement bonds were paid off and the escrow account was closed. As of June 30, 2009, accumulated accretion on the capital appreciation bonds is \$559,755. The debt is being repaid by tax receipts through the bond retirement fund.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 9 – LONG TERM OBLIGATIONS (Continued)**

**2005 Refunding Bonds** - On March 8, 2005 the District issued refunding bonds in the amount of \$11,164,987 to advance refund a portion of the outstanding 1999 school facilities construction bonds and take advantage of lower interest rates. The \$11,164,987 in refunding bonds consisted of serial, term, and capital appreciation bonds in the amounts of \$3,955,000, \$4,995,000, and \$2,214,987, respectively. The debt is being repaid by tax receipts through the bond retirement fund. The refunding bonds were sold at a premium in the amount of \$967,645 and bond issuance costs were \$174,466. The capital appreciation bonds of \$2,214,987 will mature at \$4,055,000 ranging from the fiscal years of 2012 to 2018. As of June 30, 2009, accumulated accretion on the capital appreciation bonds is \$707,271.

**Tax Anticipation Notes** - On June 21, 2007, the District issued Tax Anticipation Notes 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 November 2, 2004. The notes mature in \$200,000 increments which began on December 1, 2007 (4.50% interest). The remaining \$200,000 matures on December 1, 2009 (4.75% interest). Interest is paid semiannually on June 1 and December 1 of each year, which began on December 1, 2007.

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

Fiscal Year	Principal	Interest	Total
2010	\$ 1,547,352	\$ 671,031	\$ 2,218,383
2011	1,405,000	618,587	2,023,587
2012	1,326,951	733,799	2,060,750
2013	1,324,264	767,936	2,092,200
2014	1,283,855	817,390	2,101,245
2015-2019	6,511,931	3,253,582	9,765,513
2020-2023	5,760,000	474,299	6,234,299
Total	<u>\$ 19,159,353</u>	<u>\$ 7,336,624</u>	<u>\$ 26,495,977</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 school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2009, the District's total net debt was approximately 3.10% (3.34% at June 30, 2008) of the total assessed value of all property within the District. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Licking County, Fairfield County, City of Pataskala, Village of Kirkersville, Etna Township, Liberty Township, Harrison Township, Union Township, St. Albans Township, Basil Joint Fire District and West Licking Joint Fire District. The debt limitation calculations exclude \$1,267,026 in accretion of deep discount debt in accordance with State Law. As of June 30, 2009, 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.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 10 – CAPITAL LEASE OBLIGATIONS**

The District has entered into several lease agreements as lessee for financing the acquisition of copiers. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The assets acquired through these capital leases had a book value of \$105,527 (\$167,772 cost less \$62,245 accumulated depreciation) at June 30, 2009. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 33,762	\$ 6,010	\$ 39,772
2011	27,658	3,610	31,268
2012	29,956	1,314	31,270
Total	<u>\$ 91,376</u>	<u>\$ 10,934</u>	<u>\$ 102,310</u>

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## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### **NOTE 11 – RETIREMENT INCENTIVES**

##### *Certified Employees*

The District offers a \$10,000 retirement incentive to certified employees that retire as soon as the employee is eligible with 25 or 30 years of experience or with 5 years of experience and 60 years of age or older. A \$7,500 retirement incentive is given to certified employees that pass up the first year of eligibility but elect to retire in the subsequent year.

##### *Bargaining Unit Employees*

A bargaining unit employee with a 260-day schedule with 25 years of service and is 55 years of age or older shall receive a \$6,650 retirement incentive if he/she retires during or at the conclusion of a school year in which he/she first attains this retirement eligibility. If the bargaining unit employee with a 260-day schedule chooses to continue working for the Board after his/her 25<sup>th</sup> year of service, the employee is eligible for a \$5,000 retirement incentive. If the bargaining unit employee continues to work beyond the 26<sup>th</sup> year, and continues to work for the Board until he/she has 30 years of service, the bargaining unit employee shall receive a \$6,650 retirement incentive if he/she retires during or at the conclusion of a school year in which he/she first attains this retirement eligibility. If the bargaining unit employee chooses to continue working for the Board after his/her 30<sup>th</sup> year of service, the employee is eligible for a \$5,000 retirement incentive. If the bargaining unit employee with a 260-day schedule continues to work beyond the 31<sup>st</sup> year, he/she is no longer eligible for this retirement incentive.

A bargaining unit employee with less than a 260-day schedule with 25 years of service and is 55 years of age or older shall receive a \$4,600 retirement incentive if he/she retires during or at the conclusion of a school year in which he/she first attains this retirement eligibility. If the bargaining unit employee chooses to continue working for the Board after his/her 25<sup>th</sup> year of service, the employee is eligible for a \$3,450 retirement incentive. If the bargaining unit employee continues to work beyond the 26<sup>th</sup> year, and continues to work for the Board until he/she has 30 years of service, the bargaining unit employee shall receive a \$4,600 retirement incentive if he/she retires during or at the conclusion of a school year in which he/she first attains this retirement eligibility. If the bargaining unit employee chooses to continue working for the Board after his/her 30<sup>th</sup> year of service, the employee is eligible for a \$3,450 retirement incentive. If the bargaining unit employee continues to work beyond the 31<sup>st</sup> year, he/she is no longer eligible for this retirement incentive.

Retirement incentives shall be paid with the first pay in January following the year of actual retirement.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 12 – DEFINED BENEFIT PENSION PLAN

##### *(a) School Employees Retirement System*

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employer/Audit Resources.

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, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09 percent. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$423,985, \$420,466, and \$429,677, respectively. The amount contributed for fiscal year 2009 was 48 percent and 100 percent was contributed for fiscal years 2008 and 2007. The District's unpaid contribution for fiscal year 2009, including the surcharge, totaling \$449,313, has been recorded as a liability in the appropriate funds.

##### *(b) State Teachers Retirement System*

Plan Description - The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### **NOTE 12 – DEFINED BENEFIT PENSION PLAN (Continued)**

Plan Description – New members have a choice of three retirement plan options, a Defined Benefit (DB) Plan, Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 lump sum withdrawal. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 – For fiscal year 2009, plan members were required to contribute 10 percent of annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$2,121,044, \$2,026,699, and \$1,948,087, respectively. 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

#### **(c) Social Security System**

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. As of June 30, 2009 two members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 13 – POSTEMPLOYMENT BENEFITS

##### (a) *School Employees Retirement System*

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation is .75%. The District's contributions for the years ended June 30, 2009, 2008 and 2007 were \$34,982, \$30,296, and \$29,218, respectively, 48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were \$265,564, \$256,057, and \$206,881, respectively, 48 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

The SERS Retirement Board establishes 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. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**(b) State Teachers Retirement System**

Plan Description - The District contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by writing 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$163,157, \$155,900, \$149,853, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### 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 Ohio Casualty, which is a change from the prior year carrier. This change modified the structure of some coverages. Their insurance agent was Bishop-Scovell Haines Insurance. Coverage provided by Ohio Casualty is as follows:

##### **Property Coverage**

Building and Business Personal Property - Replacement Cost	\$63,167,400
Flood and Earthquake (\$25,000 deductible)	\$1,000,000
Equipment Breakdown	Included

##### **Inland Marine Coverage (\$5 deductible)**

Audio-Visual and Miscellaneous Equipment and Musical Instruments	\$100,000
Electronic Equipment	\$1,500,000

##### **Crime Coverage**

Employee Theft, Forgery or Alteration, and Computer Fraud	\$50,000
Theft of Money and Securities (\$1,000 deductible)	\$25,000

##### **Auto Coverage (per accident or “loss”)**

Liability	\$2,000,000
Medical Payments	\$5,000
Uninsured Motorists	\$2,000,000
Comprehensive and Collision (\$100 and \$500 deductible, respectively)	Cost of repair

##### **General Liability Coverage**

Bodily Injury and Property Damage Limit (each offense)	\$2,000,000
Personal and Advertising Injury Limit (each offense)	\$2,000,000
General Aggregate Limit	\$3,000,000
Products-Completed Operations Aggregate Limit	\$3,000,000

##### **Employee Benefits Liability Coverage – Claims Made**

Each Offense Limit	\$2,000,000
Aggregate Limit	\$3,000,000

##### **Employer’s Liability – Stop Gap Coverage**

Bodily Injury By Accident – Each Accident	\$2,000,000
Bodily Injury By Disease	\$2,000,000
Bodily Injury By Disease – Each Employee	\$2,000,000
Aggregate Limit	\$3,000,000

##### **Legal Liability Coverage**

Errors and Omission Injury Limit	\$2,000,000
Errors and Omissions Injury Aggregate Limit	\$2,000,000

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 14 – RISK MANAGEMENT (Continued)**

**Violence Coverage**

Each Violent Event Limit	\$2,000,000
Each Person Limit- Loss	\$25,000
Each Person Limit- Death Benefits	\$15,000
Plan Aggregate Limit	\$2,000,000

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

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

**A. Licking Area Computer Association**

The District is a participant in the Licking Area Computer Association (LACA). LACA is an association which services fourteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts, private schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The District's total payments to LACA for fiscal year 2009 were \$154,388. Financial statements for LACA can be obtained from their fiscal agent, the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

**B. Metropolitan Educational Council**

The District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The District's total payments to MEC for fiscal year 2009 were \$5,016. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### **NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **C. Central Ohio Special Education Regional Resource Center**

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of universities. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for COSERRC. The District made no payments to COSERRC during fiscal year 2009

##### **D. School Study Council of Ohio**

The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board) that is comprised of numerous Ohio school districts. The purpose of the Council is to bring about the improvement of education in member school organizations. Participating school districts have active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and voting privileges. Participating school districts may elect to be associate members, which entitles them to attend meetings and participate in Council discussions but not to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2009, the Board consisted of twenty-one members. In fiscal year 2009, the District made payments of \$1,439 to the Council.

#### **NOTE 16 – RELATED ORGANIZATION**

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

#### **NOTE 17 – RELATED PARTY TRANSACTIONS**

The District appoints three of the five Board members of its discretely presented component unit, the Southwest Licking Digital Academy (SLDA). Per the District's contract with SLDA, SLDA pays the District, from funding provided by the Ohio Department of Education pursuant to Ohio Rev. Code Section 3314.08, \$150 per student per fiscal year. In addition, the District provided special education and related services required by an IEP, as well as administrative and fiscal services, to SLDA. For services provided in fiscal year 2009, the District billed SLDA \$161,245. The amount outstanding at year-end was \$124,283.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 18 – 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 purchase of textbooks and other instructional materials and an equal amount 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 Textbooks and Capital Acquisition Reserves:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance		
as of June 30, 2008	\$ (508,943)	\$ (18,574,581)
Current fiscal year set-aside requirement	598,102	598,102
Qualifying Disbursements	(481,707)	-
Total	<u>\$ (392,548)</u>	<u>\$ (17,976,479)</u>
 Set-aside balance at June 30, 2009	 <u>\$ (392,548)</u>	 <u>\$ (17,976,479)</u>

The District issued \$19,120,000 in bonds in fiscal year 1999 to provide for renovations of Pataskala Elementary, Kirkersville Elementary, and the middle and high schools. In addition, the District issued \$1,650,000 in HB 264 Energy Conservation Notes in fiscal year 2004 that was used to make energy saving capital improvements throughout the District. These amounts are an allowable offset to future years' capital improvements and maintenance set-aside. The negative amount is therefore presented as being carried forward to the next fiscal year. In addition, though no longer required, the District has opted, by resolution, to establish a budget stabilization reserve in the amount of \$203,263.

**NOTE 19 – COMPLIANCE AND ACCOUNTABILITY**

Fund balances at fiscal year-end included the following individual deficits:

<u>Fund Name</u>	<u>Amount</u>
Management Information Systems	\$ (62)
Poverty Based Assistance	(62)
Title VI-B IDEA	(79,271)
Title I	(30,571)
Title II-A Improving Teacher Quality	(9,569)

The fund deficits listed above resulted from the application of accounting principles generally accepted in the United States of America. The General Fund is liable for the deficits in the Other Governmental Funds and provides operating transfers when cash is required, not when accruals occur.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 20 – COMPONENT UNIT DISCLOSURES

##### (a) Description of the School

The Southwest Licking Digital Academy (SLDA) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. SLDA is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect SLDA's tax exempt status. SLDA's mission is to enhance and facilitate student learning by providing state of the art digital curriculum and instruction; innovative, collaborative leadership; and technical expertise and support that will prepare students to become lifelong learners and intelligent decision makers. The students may include, but will not be limited to, home schooled children, children with special physical and mental needs, students removed from the regular classroom for discipline concerns, students who need an alternative to the traditional classroom for various reasons, including religious reasons, transient students, and students within the Southwest Licking Local School District (the Sponsor), the sponsor school district, that desire a specific course not currently offered that is available through online instruction.

SLDA was formally created on January 9, 2003, by entering a five year contract with the Sponsor. SLDA was approved by the Sponsor through a preliminary agreement on June 20, 2003 which held through fiscal year 2007. On June 21, 2007, SLDA entered into a new five year contract for fiscal years 2008 through 2012. The Sponsor is responsible for evaluating the performance of SLDA and has the authority to deny renewal of the contract at its expiration. The Sponsor's Treasurer also completes the role of Treasurer for SLDA. SLDA purchased the services of Tri-Rivers Educational Computer Association (TRECA) to provide instructional, administrative and technical services during the fiscal year.

SLDA operates under the direction of a five-member Board of Directors made up of members from the public who are appointed by the District. A majority of the members shall be elected or appointed public officials or public employees, or shall be community leaders who have demonstrated a professional interest in education or in other issues involving children. The remaining members shall be persons who are parents of students who are expected to attend SLDA.

SLDA is a discretely presented component unit of the Sponsor. The sponsor appoints a majority of the Board of Directors and is able to impose its will on SLDA. The Sponsor can suspend SLDA's operations for any of the following reasons: 1) SLDA's failure to meet student performance requirements stated in its contract with the Sponsor, 2) SLDA's failure to meet generally accepted standards of fiscal management, 3) SLDA's violation of any provisions of the contract with the Sponsor or applicable state or federal law, or 4) Other good cause.

The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, helping create, approve, and monitor the annual budget, develop policies to guide operations, secure funding, and maintain a commitment to vision, mission, and belief statements of SLDA and the children it serves. SLDA used the facilities of the Sponsor.

# SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

### NOTE 20 – COMPONENT UNIT DISCLOSURES (Continued)

#### (b) Summary of Significant Accounting Policies

##### **Basis of Presentation**

SLDA's basic financial statements consist of a statement of net assets; a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. These statements are prepared on the accrual basis of accounting as further described below.

SLDA uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

##### **Measurement Focus**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows reflects how SLDA meets its cash flow needs.

##### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. SLDA's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which SLDA receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which SLDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to SLDA on a reimbursement basis. Expenses are recognized at the time they are incurred.

##### **Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided by SLDA's contract with its Sponsor. The contract between SLDA and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

##### **Cash and Cash Equivalents**

During the fiscal year, investments were limited to a repurchase agreement. For purposes of the statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by SLDA are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

# SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

### NOTE 20 – COMPONENT UNIT DISCLOSURES (Continued)

#### **Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws or other governments or imposed by enabling legislation. SLDA had no restricted assets for the year ended June 30, 2009.

#### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense is reported in the year which services are consumed. At fiscal year-end, prepaid items are not available to finance future net asset expenses. SLDA had no prepaid items for the year ended June 30, 2009.

#### **Inventory**

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. SLDA had no inventory for the year ended June 30, 2009.

#### **Capital Assets**

All capital assets are capitalized at cost and updated for any additions and retirements during the fiscal year. SLDA's capitalization threshold is one thousand dollars. Capital assets consist of computers and computer equipment. SLDA's capital assets are depreciated using the straight-line method over a range of 5-10 years of useful life.

#### **Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. SLDA had no employees during the fiscal year.

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

All accrued liabilities and long-term debt is reported on the statement of net assets. SLDA had Accounts Payable for the year ended June 30, 2009. However, SLDA had no long-term debt for the year ended June 30, 2009.

#### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by SLDA or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. SLDA's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

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

Operating revenues are those revenues that are generated directly from the primary activity of SLDA. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of SLDA. All revenues and expenses not meeting this definition are reported as non-operating.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 20 – COMPONENT UNIT DISCLOSURES (Continued)**

**Estimates**

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

**(c) Deposits and Investments**

**Deposits**

At year-end the carrying amount of SLDA’s deposits was negative \$119,851, exclusive of the repurchase agreement included in investments below, and the bank balance was \$5,000. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft due to the “zero-balance” nature of SLDA’s bank account. The entire bank balance was covered by federal depository insurance.

**Investments**

At fiscal year-end SLDA’s only investment was a repurchase agreement in the amount of \$139,890, all of which may be withdrawn on demand.

**(d) Capital Assets**

A summary of capital asset activity for the fiscal year follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ 1,511		\$ -	\$ 1,511
Less Accumulated Depreciation	(76)	(151)	-	(227)
Depreciable Capital Assets, Net	\$ 1,435	\$ (151)	\$ -	\$ 1,284

**(e) Risk Management**

SLDA 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, SLDA was listed as an additional insurance organization on the District’s insurance coverage from Ohio Casualty. Their insurance agent was Bishop-Scovell-Haines Insurance. The types and amounts of coverage provided by Ohio Casualty are as follows:

- General Liability Coverage - \$2,000,000 in excess of \$3,000,000
- Employee Benefits Liability - \$2,000,000 in excess of \$3,000,000
- Errors and Omissions Injury - \$2,000,000 in excess of \$2,000,000

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 20 – COMPONENT UNIT DISCLOSURES (Continued)

##### (f) Contract with the Tri-Rivers Educational Computer Association

SLDA entered into a one year contract with the Tri-Rivers Educational Computer Association (TRECA) on June 19, 2008 for the period July 1, 2008 through June 30, 2009. Under the contract, the following terms were agreed upon:

- TRECA shall provide SLDA with instructional, supervisory/administrative, and technical services sufficient to effectively implement SLDA's educational plan and SLDA's assessment and accountability plan.
- All personnel providing services to SLDA on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to such personnel. All shall possess any certification or licensure which may be required by law.
- The technical services provided by TRECA to SLDA shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.
- SLDA shall secure the services of an Executive Director, who shall be the chief operating officer of the school, with primary responsibility for day-to-day operations of the Academy.
- Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA.
- SLDA shall pay to TRECA \$3,875 per full-time student enrolled in SLDA during the 2008-2009 academic year or pro rated per portion thereof; part-time students may be enrolled on such terms as are agreed to by the parties.

During the year ended June 30, 2009, SLDA paid TRECA \$143,693 for these services. On June 15, 2009, SLDA entered into a one year contract with TRECA for fiscal year 2010. To obtain TRECA's audited June 30, 2009 financial statements, contact Scott Armstrong, Treasurer, at [scott@treca.org](mailto:scott@treca.org) or call 740-389-4798.

##### (g) Fiscal Agent and Payment to Sponsor

The Community School Sponsorship Contract between SLDA and the Southwest Licking Local School District requires SLDA to pay the following amounts:

- SLDA was required to pay to the Sponsor \$25,000 for planning, design, and initial implementation services acquired by the Sponsor on behalf of SLDA from TRECA. This fee was paid during fiscal year 2004.
- SLDA is required to make annual payments to the Sponsor of \$150 per student per year.
- SLDA may also pay the Sponsor other amounts as are mutually agreed for any services provided to SLDA by the Sponsor.

During the year ended June 30, 2009, SLDA paid the Sponsor \$161,245 for the services defined above.

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 20 – COMPONENT UNIT DISCLOSURES (Continued)

##### (h) Contingencies

###### Grants

SLDA received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability for SLDA. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of SLDA at June 30, 2009.

###### Litigation

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

###### Ohio Department of Education Enrollment Review

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by SLDA. These reviews are conducted to ensure SLDA is reporting accurate student enrollment data to the State, upon which foundation funding is calculated. The fiscal year 2009 review found SLDA was properly funded.

#### NOTE 21 – CONTINGENCIES

- (a) **Grants** - The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District.
- (b) **Litigation** - The District is not party to any litigation that, in the opinion of management, would have a material effect on the financial statements.

#### NOTE 22 – SUBSEQUENT EVENTS

On September 23, 2009, the District issued \$3,000,000 in tax anticipation notes. The notes were issued in anticipation of the collection of the proceeds of the two and eight tenths (2.80) mill continuing permanent improvement levy approved by the electors of the District at the election held May 5, 2009. The proceeds of the notes will be used for the purpose of acquiring land for the construction of school facilities, and paying costs related thereto.

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**COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS**

## SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

### COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS

#### **Non-major Governmental Funds**

Non-major Governmental Funds account for revenues from specific sources, which legally, or otherwise, are restricted to expenditures for specific purposes. A description of the District's Non-major Governmental Funds follows:

**Food Service** - A fund used to account for the financial activity related to the District's food service operation.

**Public School Support** - A fund used to account for specific local revenue sources, other than taxes or expendable trusts (i.e., profits from vending machines) that are restricted to expenditures for specified purposes approved by the board resolution. Such expenditures may include curricular and extra-curricular related purchases.

**Underground Storage Tank** – A fund used to account for Underground Storage Tank money.

**District Managed Student Activities** - A fund used to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund includes the athletic programs.

**Auxiliary Services** - A fund used to account for monies, which provide services and materials to pupils attending non-public schools within the District.

**Management Information Systems** - A fund used to account for research and demonstration projects and other projects as established by the State of Ohio Department of Education.

**SchoolNet Capital Projects** - A fund provided to account for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

**Data Communications** - A fund used to account for monies received in order for the District to obtain access to the Ohio Educational Computer Network.

**SchoolNet Professional Development** - A fund used to account for a limited number of professional development subsidy grants.

**Ohio Reads** - A fund used to account for monies intended to 1) improve reading outcomes, especially on the fourth grade reading proficiency test, and 2) for volunteer coordinators in public school buildings, for educational service centers for costs associated with volunteer coordination and for operating expenses associated with administering the program.

**Vocational Education Enhancement** – A fund used to account for Vocational Education Enhancements that: 1) expand the number of students enrolled in tech prep programs, 2) enable students to develop career plans, to identify initial educational and career goals, and to develop a career passport which provides a clear understanding of the student's knowledge, skills, and credentials to present to future employers, universities, and other training institutes, and 3) replace or update equipment essential for the instruction of students in job skills taught as part of a vocational program or programs approved for such instruction by the State Board of Education.

## **SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

### **COMBINING STATEMENTS – NONMAJOR GOVERNMENTAL FUNDS**

**Poverty Based Assistance** - A fund used to account for monies provided by the State of Ohio Department of Education for disadvantaged pupil impact aid.

**Other State Grants** - A fund used to account for state grants not classified elsewhere.

**Title VI-B IDEA** - A fund used to account for federal funds used in the identification of handicapped children, development of procedural safeguards, implementation of least-restrictive alternative service patterns, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

**Title I Disadvantaged Children** - A fund used to account for federal funds used to meet the special needs of educationally deprived children.

**Title V Innovative Education** - A fund used to account for federal funds used for innovative programs as part of the Elementary and Secondary Education Act (ESEA) reauthorization.

**Drug Free Schools** - A fund used to account for federal funds used to establish, operate, and improve local programs of drug abuse prevention, early intervention, rehabilitation referral, and education in the District.

**Title II-A Improving Teacher Quality** - A fund used to account for grants for improving teacher quality.

**Other Federal Grants** - A fund used to account for federal grants not classified elsewhere.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Food Service	Public School Support	Underground Storage Tank	District Managed Student Activities	Auxiliary Services
<b><u>Assets:</u></b>					
Equity in Pooled Cash and Cash Equivalents	\$ 115,699	\$ 151,285	\$ 11,000	\$ 89,329	\$ 9,424
Cash in a Segregated Account	-	-	-	470	-
Receivables:					
Accounts	46	2,513	-	161	-
Intergovernmental	548	-	-	-	-
Inventory Held for Resale	18,097	-	-	-	-
Total Assets	<u>\$ 134,390</u>	<u>\$ 153,798</u>	<u>\$ 11,000</u>	<u>\$ 89,960</u>	<u>\$ 9,424</u>
<b><u>Liabilities:</u></b>					
Accounts Payable	\$ 12	\$ 153	\$ -	\$ -	\$ 4,352
Accrued Wages and Benefits	54,084	-	-	-	-
Intergovernmental Payable	56,158	102	-	59	-
Deferred Revenue	-	-	-	-	-
Compensated Absences Payable	536	-	-	-	-
Total Liabilities	<u>110,790</u>	<u>255</u>	<u>-</u>	<u>59</u>	<u>4,352</u>
<b><u>Fund Balances:</u></b>					
Reserved for:					
Encumbrances	-	9,592	-	-	19
Supplies Inventory	18,097	-	-	-	-
Unreserved/Undesignated, Reported in:					
Special Revenue Funds	5,503	143,951	11,000	89,901	5,053
Total Fund Balances	<u>23,600</u>	<u>153,543</u>	<u>11,000</u>	<u>89,901</u>	<u>5,072</u>
Total Liabilities and Fund Balances	<u>\$ 134,390</u>	<u>\$ 153,798</u>	<u>\$ 11,000</u>	<u>\$ 89,960</u>	<u>\$ 9,424</u>

<u>Management Information Systems</u>	<u>SchoolNet Capital Projects</u>	<u>Data Communications</u>	<u>SchoolNet Professional Development</u>	<u>Ohio Reads</u>	<u>Vocational Education Enhancement</u>	<u>Poverty Based Assistance</u>
\$ -	\$ -	\$ -	\$ 4,392	\$ 4,190	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,392</u>	<u>\$ 4,190</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
62	-	-	-	-	-	62
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(62)	-	-	4,392	4,190	-	(62)
(62)	(0)	-	4,392	4,190	-	(62)
<u>\$ -</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 4,392</u>	<u>\$ 4,190</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009  
(CONTINUED)

	Other State Grants	Title VI-B IDEA	Title I Disadvantaged Children	Title V Innovative Education	Drug Free Schools
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ -	\$ 21,954	\$ 13,847	\$ 906	\$ 151
Cash in a Segregated Account	-	-	-	-	-
<b>Receivables:</b>					
Accounts	-	-	-	-	-
Intergovernmental	-	141,913	57,491	-	-
Inventory Held for Resale	-	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 163,867</b>	<b>\$ 71,338</b>	<b>\$ 906</b>	<b>\$ 151</b>
<b>Liabilities:</b>					
Accounts Payable	\$ -	\$ -	\$ 2,825	\$ -	\$ -
Accrued Wages and Benefits	-	78,803	31,628	-	-
Intergovernmental Payable	-	22,422	9,965	-	-
Deferred Revenue	-	141,913	57,491	-	-
Compensated Absences Payable	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>243,138</b>	<b>101,909</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	-	41	2,640	-	-
Supplies Inventory	-	-	-	-	-
<b>Unreserved/Undesignated, Reported in:</b>					
Special Revenue Funds	-	(79,312)	(33,211)	906	151
<b>Total Fund Balances</b>	<b>-</b>	<b>(79,271)</b>	<b>(30,571)</b>	<b>906</b>	<b>151</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 163,867</b>	<b>\$ 71,338</b>	<b>\$ 906</b>	<b>\$ 151</b>

Title II-A Improving Teacher Quality	Other Federal Grants	Total Other Governmental Funds
\$ 4,566	\$ 558	\$ 427,301
-	-	470
-	-	2,720
20,143	-	220,095
-	-	18,097
<u>\$ 24,709</u>	<u>\$ 558</u>	<u>\$ 668,683</u>
\$ -	\$ -	\$ 7,342
11,870	-	176,385
2,265	-	91,095
20,143	-	219,547
-	-	536
<u>34,278</u>	<u>-</u>	<u>494,905</u>
1,535	-	13,827
-	-	18,097
(11,104)	558	141,854
<u>(9,569)</u>	<u>558</u>	<u>173,778</u>
<u>\$ 24,709</u>	<u>\$ 558</u>	<u>\$ 668,683</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Food Service	Public School Support	Underground Storage Tank	District Managed Student Activities	Auxiliary Services
<b><u>Revenues:</u></b>					
Intergovernmental	\$ 537,103	\$ -	\$ -	\$ -	\$ 143,587
Charges for Services	888,269	-	-	-	-
Interest	1,974	5,317	-	4,325	1,830
Extracurricular Activities	-	54,214	-	177,214	-
Other	19,095	78,918	-	13,783	-
Total Revenues	<u>1,446,441</u>	<u>138,449</u>	<u>-</u>	<u>195,322</u>	<u>145,417</u>
<b><u>Expenditures:</u></b>					
Instruction:					
Regular	-	-	-	-	-
Special	-	-	-	-	-
Vocational	-	-	-	-	-
Other	-	-	-	-	-
Support services:					
Pupils	-	-	-	-	-
Instructional Staff	-	-	-	-	-
Administration	-	-	-	-	-
Pupil Transportation	-	1,079	-	-	-
Central	-	-	-	-	-
Non-instructional Services	1,357,728	-	-	-	178,975
Extracurricular Activities	-	117,146	-	202,510	-
Total Expenditures	<u>1,357,728</u>	<u>118,225</u>	<u>-</u>	<u>202,510</u>	<u>178,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,713	20,224	-	(7,188)	(33,558)
Fund Balance Beginning of Year	(65,113)	133,319	11,000	97,089	38,630
Fund Balance End of Year	<u>\$ 23,600</u>	<u>\$ 153,543</u>	<u>\$ 11,000</u>	<u>\$ 89,901</u>	<u>\$ 5,072</u>

Management Information Sytems	SchoolNet Capital Projects	Data Communications	SchoolNet Professional Development	Ohio Reads	Vocational Education Enhancement	Poverty Based Assistance
\$ 11,099	\$ -	\$ 18,000	\$ 2,970	\$ -	\$ -	\$ 12,869
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	46	-	-
<u>11,099</u>	<u>-</u>	<u>18,000</u>	<u>2,970</u>	<u>46</u>	<u>-</u>	<u>12,869</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	76	-
-	-	-	-	-	-	12,931
-	-	-	-	-	-	-
-	-	-	1,595	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,600	504	18,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>16,600</u>	<u>504</u>	<u>18,000</u>	<u>1,595</u>	<u>-</u>	<u>76</u>	<u>12,931</u>
(5,501)	(504)	-	1,375	46	(76)	(62)
5,439	504	-	3,017	4,144	76	-
<u>\$ (62)</u>	<u>\$ (0)</u>	<u>\$ -</u>	<u>\$ 4,392</u>	<u>\$ 4,190</u>	<u>\$ -</u>	<u>\$ (62)</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Other State Grants	Title VI-B IDEA	Title I Disadvantaged Children	Title V Innovative Education	Drug Free Schools
Revenues:					
Intergovernmental	\$ 10,317	\$ 658,982	\$ 248,630	\$ 350	\$ 6,484
Charges for Services	-	-	-	-	-
Interest	-	-	-	-	-
Extracurricular Activities	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>10,317</u>	<u>658,982</u>	<u>248,630</u>	<u>350</u>	<u>6,484</u>
Expenditures:					
Instruction:					
Regular	-	-	-	-	-
Special	-	399,279	216,372	-	-
Vocational	-	-	-	-	-
Other	-	92,876	-	-	-
Support services:					
Pupils	-	35,252	3,836	-	331
Instructional Staff	10,317	130,396	37,417	-	7,315
Administration	-	9,544	-	-	-
Pupil Transportation	-	-	-	-	-
Central	-	-	-	-	-
Non-instructional Services	-	-	-	-	-
Extracurricular Activities	-	-	-	-	-
Total Expenditures	<u>10,317</u>	<u>667,347</u>	<u>257,625</u>	<u>-</u>	<u>7,646</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(8,365)	(8,995)	350	(1,162)
Fund Balance Beginning of Year	-	(70,906)	(21,576)	556	1,313
Fund Balance End of Year	<u>\$ -</u>	<u>\$ (79,271)</u>	<u>\$ (30,571)</u>	<u>\$ 906</u>	<u>\$ 151</u>

Title II-A Improving Teacher Quality	Other Federal Grants	Total Other Governmental Funds
\$ 110,651	\$ 324	\$1,761,366
-	-	888,269
-	-	13,446
-	-	231,428
-	-	111,842
<u>110,651</u>	<u>324</u>	<u>3,006,351</u>
93,789	-	93,789
-	-	615,651
-	-	76
-	-	105,807
-	-	39,419
16,472	-	203,512
-	-	9,544
-	-	1,079
-	-	35,104
-	-	1,536,703
-	-	319,656
<u>110,261</u>	<u>-</u>	<u>2,960,340</u>
390	324	46,011
(9,959)	234	127,767
<u>\$ (9,569)</u>	<u>\$ 558</u>	<u>\$ 173,778</u>

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**INDIVIDUAL FUND SCHEDULES OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND  
BALANCE – BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS) – GOVERNMENTAL FUNDS**

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**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
– GOVERNMENTAL FUNDS

	Final Budget	Actual	Variance Over/(Under)
<b>Permanent Improvement Fund</b>			
Total Revenues and Other Sources	\$ 982,406	\$ 927,146	\$ (55,260)
Total Expenditures and Other Uses	1,376,836	1,073,883	302,953
Net Change in Fund Balance	(394,430)	(146,737)	247,693
Fund Balance - July 1	352,738	352,738	-
Prior Year Encumbrances Appropriated	67,910	67,910	-
Fund Balance - June 30	\$ 26,218	\$ 273,911	\$ 247,693
<b>Debt Service Fund</b>			
Total Revenues and Other Sources	\$ 2,296,694	\$ 2,299,103	\$ 2,409
Total Expenditures and Other Uses	2,225,776	2,220,376	5,400
Net Change in Fund Balance	70,918	78,727	7,809
Fund Balance - July 1	2,598,769	2,598,769	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ 2,669,687	\$ 2,677,496	\$ 7,809
<b>Food Service</b>			
Total Revenues and Other Sources	\$ 1,293,742	\$ 1,351,415	\$ 57,673
Total Expenditures and Other Uses	1,333,780	1,275,754	58,026
Net Change in Fund Balance	(40,038)	75,661	115,699
Fund Balance - July 1	40,038	40,038	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ -	\$ 115,699	\$ 115,699

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
– GOVERNMENTAL FUNDS

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Public School Support</b>			
Total Revenues and Other Sources	\$ 133,339	\$ 135,936	\$ 2,597
Total Expenditures and Other Uses	268,879	129,783	139,096
Net Change in Fund Balance	(135,540)	6,153	141,693
Fund Balance - July 1	133,158	133,158	-
Prior Year Encumbrances Appropriated	2,382	2,382	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 141,693</u>	<u>\$ 141,693</u>

**Underground Storage Tank**

Total Revenues and Other Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	11,000	-	11,000
Net Change in Fund Balance	(11,000)	-	11,000
Fund Balance - July 1	11,000	11,000	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 11,000</u>	<u>\$ 11,000</u>

**District Managed Student Activities**

Total Revenues and Other Sources	\$ 181,607	\$ 195,161	\$ 13,554
Total Expenditures and Other Uses	278,379	202,604	75,775
Net Change in Fund Balance	(96,772)	(7,443)	89,329
Fund Balance - July 1	96,772	96,772	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 89,329</u>	<u>\$ 89,329</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
– GOVERNMENTAL FUNDS**

	Final Budget	Actual	Variance Over/(Under)
<b>Auxiliary Services</b>			
Total Revenues and Other Sources	\$ 145,419	\$ 145,419	\$ -
Total Expenditures and Other Uses	184,194	179,141	5,053
Net Change in Fund Balance	(38,775)	(33,722)	5,053
Fund Balance - July 1	18,526	18,526	-
Prior Year Encumbrances Appropriated	20,249	20,249	-
Fund Balance - June 30	\$ -	\$ 5,053	\$ 5,053
<b>Management Information Systems</b>			
Total Revenues and Other Sources	\$ 11,099	\$ 11,099	\$ -
Total Expenditures and Other Uses	16,538	16,538	-
Net Change in Fund Balance	(5,439)	(5,439)	-
Fund Balance - July 1	5,439	5,439	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -
<b>SchoolNet Capital Projects</b>			
Total Revenues and Other Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	504	504	-
Net Change in Fund Balance	(504)	(504)	-
Fund Balance - July 1	504	504	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
– GOVERNMENTAL FUNDS

	Final Budget	Actual	Variance Over/(Under)
<b>Data Communications</b>			
Total Revenues and Other Sources	\$ 18,000	\$ 18,000	\$ -
Total Expenditures and Other Uses	18,000	18,000	-
Net Change in Fund Balance	-	-	-
Fund Balance - July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -

**SchoolNet Professional Development**

Total Revenues and Other Sources	\$ 2,970	\$ 2,970	\$ -
Total Expenditures and Other Uses	5,987	1,595	4,392
Net Change in Fund Balance	(3,017)	1,375	4,392
Fund Balance - July 1	3,017	3,017	
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ -	\$ 4,392	\$ 4,392

**Ohio Reads**

Total Revenues and Other Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	4,190	-	4,190
Net Change in Fund Balance	(4,190)	-	4,190
Fund Balance - July 1	4,190	4,190	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	\$ -	\$ 4,190	\$ 4,190

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
– GOVERNMENTAL FUNDS**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Vocational Education Enhancement</b>			
Total Revenues and Other Sources	\$ -	\$ -	\$ -
Total Expenditures and Other Uses	76	76	-
Net Change in Fund Balance	(76)	(76)	
Fund Balance - July 1	76	76	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Poverty Based Assistance**

Total Revenues and Other Sources	\$ 12,869	\$ 12,869	\$ -
Total Expenditures and Other Uses	12,869	12,869	-
Net Change in Fund Balance	-	-	-
Fund Balance - July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Other State Grants**

Total Revenues and Other Sources	\$ 10,317	\$ 10,317	\$ -
Total Expenditures and Other Uses	10,317	10,317	-
Net Change in Fund Balance	-	-	-
Fund Balance - July 1	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
– GOVERNMENTAL FUNDS

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Title VI-B IDEA</b>			
Total Revenues and Other Sources	\$ 658,981	\$ 658,981	\$ -
Total Expenditures and Other Uses	672,111	650,198	21,913
Net Change in Fund Balance	(13,130)	8,783	21,913
Fund Balance - July 1	12,498	12,498	-
Prior Year Encumbrances Appropriated	632	632	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 21,913</u>	<u>\$ 21,913</u>

**Title I Disadvantaged Children**

Total Revenues and Other Sources	\$ 248,630	\$ 248,630	\$ -
Total Expenditures and Other Uses	258,143	246,936	11,207
Net Change in Fund Balance	(9,513)	1,694	11,207
Fund Balance - July 1	9,513	9,513	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 11,207</u>	<u>\$ 11,207</u>

**Title V Innovative Education Program**

Total Revenues and Other Sources	\$ 351	\$ 350	\$ (1)
Total Expenditures and Other Uses	907	-	907
Net Change in Fund Balance	(556)	350	906
Fund Balance - July 1	556	556	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 906</u>	<u>\$ 906</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

INDIVIDUAL FUND SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES – BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
- GOVERNMENTAL FUNDS

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<b>Drug Free Schools</b>			
Total Revenues and Other Sources	\$ 6,483	\$ 6,483	\$ -
Total Expenditures and Other Uses	7,796	7,645	151
Net Change in Fund Balance	(1,313)	(1,162)	151
Fund Balance - July 1	1,313	1,313	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 151</u>	<u>\$ 151</u>

**Title II-A Improving Teacher Quality**

Total Revenues and Other Sources	\$ 110,651	\$ 110,651	\$ -
Total Expenditures and Other Uses	114,116	111,085	3,031
Net Change in Fund Balance	(3,465)	(434)	3,031
Fund Balance - July 1	3,465	3,465	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 3,031</u>	<u>\$ 3,031</u>

**Other Federal Grants**

Total Revenues and Other Sources	\$ 324	\$ 324	\$ -
Total Expenditures and Other Uses	558	-	558
Net Change in Fund Balance	(234)	324	558
Fund Balance - July 1	234	234	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balance - June 30	<u>\$ -</u>	<u>\$ 558</u>	<u>\$ 558</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Assets</b>				
Pooled Cash and Cash Equivalents	\$ 27,559	\$ 72,070	\$ (65,539)	\$ 34,090
Total Assets	<u>\$ 27,559</u>	<u>\$ 72,070</u>	<u>\$ (65,539)</u>	<u>\$ 34,090</u>
<b>Liabilities</b>				
Due To Students	\$ 27,559	\$ 72,070	\$ (65,539)	\$ 34,090
Total Liabilities	<u>\$ 27,559</u>	<u>\$ 72,070</u>	<u>\$ (65,539)</u>	<u>\$ 34,090</u>

### **III. STATISTICAL SECTION**

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# Statistical Section

This part of Southwest Licking Local School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

## Contents

### **Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue source(s), the property tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

### **Economic and Demographic Information**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place.

### **Operating Information**

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year. The District implemented GASB Statement 34 for the year ended June 30, 2002; schedules presenting government-wide information include information beginning in that fiscal year.

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**Southwest Licking Local School District**  
*Net Assets by Component*  
*Last Eight Fiscal Years*  
*(accrual basis of accounting)*

	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental Activities:</b>								
Invested in Capital Assets, Net of Related Debt	7,487,283	7,190,537	6,716,510	-	-	-	5,211,973	5,230,344
Restricted	3,601,403	3,246,628	3,255,190	2,521,798	1,824,373	1,867,410	1,591,907	2,687,273
Unrestricted (Deficit)	2,681,167	2,953,942	2,704,922	3,348,875	1,596,692	426,505	(1,073,728)	(596,043)
Total Governmental Activities Net Assets	13,769,853	13,391,107	12,676,622	5,870,673	3,421,065	2,293,915	5,730,152	7,321,574

(1) Fiscal years 2004 through 2006 were reported on the modified-cash basis of accounting.

**Southwest Licking Local School District**  
*Changes in Net Assets of Governmental Activities*  
*Last Eight Fiscal Years*  
*(accrual basis of accounting)*

	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>								
<b>Instruction:</b>								
Regular	\$ 13,796,901	\$ 13,635,359	\$ 12,348,161	\$ 13,098,543	\$ 11,300,024	\$ 11,793,236	\$ 12,162,506	\$ 10,745,078
Special	3,318,459	3,076,312	3,035,039	2,856,531	2,618,627	2,523,762	1,992,254	1,826,443
Vocational	463,143	442,878	424,648	418,754	478,905	658,846	573,439	480,067
Other	2,539,517	2,386,755	1,942,903	-	1,058,444	925,031	-	-
<b>Support Services:</b>								
Pupils	2,018,783	1,987,519	2,027,921	1,656,434	1,612,627	1,454,212	1,502,725	1,357,240
Instructional Staff	1,575,220	1,565,372	1,335,768	1,097,778	900,219	950,621	1,107,678	1,127,652
Board of Education	57,839	63,441	41,323	32,864	30,972	20,369	58,203	40,317
Administration	2,953,796	2,928,675	2,774,874	2,447,073	2,125,400	2,295,587	2,737,674	1,987,526
Fiscal Services	944,407	885,724	810,437	735,835	628,544	699,523	929,737	805,942
Business Operations	134,629	152,137	150,234	79,359	84,437	86,162	107,080	168,326
Operation and Maintenance of Plant	2,945,165	2,764,621	2,368,839	2,296,484	2,244,959	2,339,758	2,791,566	2,459,163
Pupil Transportation	2,242,686	2,748,987	2,284,131	1,864,282	1,497,404	1,924,313	1,850,107	1,648,514
Central	1,105,890	703,327	636,673	372,008	662,922	407,673	592,746	660,250
Noninstructional	1,530,821	1,513,630	1,472,586	1,278,593	1,228,604	1,010,928	1,021,721	920,940
Extracurricular Activities	985,755	2,025,112	1,335,938	968,524	797,972	1,007,101	1,165,060	1,064,151
Capital Outlay	-	-	-	686,931	481,824	1,517,082	-	-
Principal Retirement	-	-	-	1,190,000	947,929	606,320	-	-
Interest and Fiscal Charges	967,465	1,015,684	1,010,625	813,398	847,094	1,120,659	1,231,443	1,264,823
Unallocated Depreciation	691,402	696,643	700,472	-	-	-	-	-
Miscellaneous	-	31,142	16,804	2,000	-	-	-	-
<b>Total Expenses</b>	<b>\$ 38,271,878</b>	<b>\$ 38,623,318</b>	<b>\$ 34,717,376</b>	<b>\$ 31,895,391</b>	<b>\$ 29,546,907</b>	<b>\$ 31,341,183</b>	<b>\$ 29,823,939</b>	<b>\$ 26,556,432</b>
<b>Program Revenues</b>								
<b>Charges for Services</b>								
Regular Instruction	\$ 224,356	\$ 213,714	\$ 296,756	\$ 371,473	\$ 356,267	\$ 317,328	\$ 161,491	\$ 163,123
Noninstructional	907,364	850,393	843,672	773,276	730,075	679,485	667,977	647,827
Extracurricular Activities	433,510	481,463	691,306	673,551	625,419	335,904	553,092	520,101
Other	463,680	447,856	396,112	275,076	102,575	201,810	181,240	126,007
Operating Grants and Contributions	1,852,702	1,837,066	1,894,856	2,717,262	2,381,360	3,090,760	2,662,473	2,183,752
Capital Grants and Contributions	-	199,999	-	55,526	27,899	1,718,776	53,595	104,028
<b>Total Program Revenues</b>	<b>\$ 3,881,612</b>	<b>\$ 4,030,491</b>	<b>\$ 4,122,702</b>	<b>\$ 4,866,164</b>	<b>\$ 4,223,595</b>	<b>\$ 6,344,063</b>	<b>\$ 4,279,868</b>	<b>\$ 3,744,838</b>
<b>Net Expense</b>	<b>\$ (34,390,266)</b>	<b>\$ (34,592,827)</b>	<b>\$ (30,594,674)</b>	<b>\$ (27,029,227)</b>	<b>\$ (25,323,312)</b>	<b>\$ (24,997,120)</b>	<b>\$ (25,544,071)</b>	<b>\$ (22,811,594)</b>
<b>General Revenues</b>								
<b>Property Taxes Levied for:</b>								
General Purposes	\$ 13,018,051	\$ 13,175,150	\$ 12,511,033	\$ 10,414,698	\$ 8,102,649	\$ 7,876,034	\$ 7,443,473	\$ 6,189,233
Debt Service	1,887,183	2,282,464	2,328,307	772,450	796,625	1,798,256	1,714,907	1,758,553
Capital Projects	826,779	840,710	828,369	2,433,243	1,989,607	678,104	704,430	621,673
Income Taxes	4,336,795	4,354,626	4,202,777	3,567,522	3,262,415	3,014,457	2,995,538	2,770,958
<b>Grants and Entitlements not</b>								
Restricted to Specific Programs	13,937,068	13,756,493	13,306,417	11,945,157	11,973,539	11,130,041	10,976,953	10,100,950
Payment in Lieu of Taxes	84,871	18,977	31,641	-	-	-	-	-
Investment Earnings	506,898	564,842	502,977	224,002	98,828	63,443	92,801	180,269
Miscellaneous	171,367	314,050	65,149	104,076	243,232	54,777	39,161	11,480
<b>Total General Revenues</b>	<b>\$ 34,769,012</b>	<b>\$ 35,307,312</b>	<b>\$ 33,776,670</b>	<b>\$ 29,461,148</b>	<b>\$ 26,466,895</b>	<b>\$ 24,615,112</b>	<b>\$ 23,967,263</b>	<b>\$ 21,633,116</b>
<b>Change in Net Assets</b>	<b>\$ 378,746</b>	<b>\$ 714,485</b>	<b>\$ 3,181,996</b>	<b>\$ 2,431,921</b>	<b>\$ 1,143,583</b>	<b>\$ (382,008)</b>	<b>\$ (1,576,808)</b>	<b>\$ (1,178,478)</b>

(1) Fiscal years 2004 through 2006 were reported on the modified-cash basis of accounting.

**Southwest Licking Local School District**  
*Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Fund										
Reserved	\$ 903,911	\$ 731,842	\$ 601,708	\$ 113,558	\$ 92,547	\$ 114,743	\$ 836,353	\$ 455,952	\$ 808,571	\$ 864,853
Unreserved	4,397,596	4,991,321	4,190,433	3,033,749	1,013,031	311,762	(307,281)	1,617,682	2,015,378	631,432
<i>Total General Fund</i>	<u>5,301,507</u>	<u>5,723,163</u>	<u>4,792,141</u>	<u>3,147,307</u>	<u>1,105,578</u>	<u>426,505</u>	<u>529,072</u>	<u>2,073,634</u>	<u>2,823,949</u>	<u>1,496,285</u>
All Other Governmental Funds										
Reserved	409,754	446,004	1,104,825	236,607	357,592	598,158	538,285	882,895	1,149,282	7,470,495
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	141,854	85,609	127,672	452,732	642,866	590,985	687,558	671,874	698,552	551,389
Debt Service Fund	2,781,747	2,598,769	2,302,691	1,710,271	1,037,111	521,381	219,160	546,628	733,884	927,673
Capital Projects Funds	121,426	(46,758)	(394,266)	323,756	277,918	156,886	41,256	587,840	2,709,000	4,316,321
Total All Other Governmental Funds	<u>3,454,781</u>	<u>3,083,624</u>	<u>3,140,922</u>	<u>2,723,366</u>	<u>2,315,487</u>	<u>1,867,410</u>	<u>1,486,259</u>	<u>2,689,237</u>	<u>5,290,718</u>	<u>13,265,878</u>
<i>Total Governmental Funds</i>	<u>\$ 8,756,288</u>	<u>\$ 8,806,787</u>	<u>\$ 7,933,063</u>	<u>\$ 5,870,673</u>	<u>\$ 3,421,065</u>	<u>\$ 2,293,915</u>	<u>\$ 2,015,331</u>	<u>\$ 4,762,871</u>	<u>\$ 8,114,667</u>	<u>\$ 14,762,163</u>

(1) Fiscal years 2004 through 2006 were reported on the modified-cash basis of accounting.

(2) With the implementation of GASB 34 in fiscal year 2002, the District reclassified all enterprise and trust funds as special revenue funds. In fiscal years 1998 through 2001, these funds will be presented as special revenue funds for comparative purposes.

**Southwest Licking Local School District**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

	2009	2008	2007	2006	2005
<b>Revenues</b>					
Property Taxes	\$ 15,668,230	\$ 16,195,981	\$ 15,705,450	\$ 13,620,391	\$ 10,888,881
Income Taxes	4,336,795	4,354,626	4,202,777	3,567,522	3,262,415
Payments in Lieu of Taxes	84,871	18,977	31,641	-	-
Intergovernmental	15,745,317	15,695,057	14,991,588	14,710,404	14,382,798
Charges for Services	1,047,576	1,010,543	843,177	773,276	906,567
Interest	376,426	564,842	502,977	231,543	98,828
Tuition and Fees	505,084	462,839	692,868	612,091	302,910
Extracurricular	340,818	391,106	566,369	627,817	581,674
Other	286,252	411,519	184,652	181,444	238,162
<i>Total Revenues</i>	<u>38,391,369</u>	<u>39,105,490</u>	<u>37,721,499</u>	<u>34,324,488</u>	<u>30,662,235</u>
<b>Expenditures</b>					
Instruction:					
Regular	13,699,480	13,525,206	12,246,395	13,098,543	11,300,024
Special	3,289,183	3,093,292	3,013,676	2,856,531	2,618,627
Vocational	461,122	441,232	423,947	418,754	478,905
Other	2,525,993	2,373,617	1,873,512	-	1,058,444
Support Services:					
Pupils	2,022,575	1,955,346	1,943,771	1,656,434	1,612,627
Instructional Staff	1,552,683	1,566,030	1,309,842	1,097,778	900,219
Board of Education	57,839	63,441	41,323	32,864	30,972
Administration	2,920,849	2,845,043	2,646,758	2,447,073	2,125,400
Fiscal Services	904,284	873,047	799,968	735,835	628,544
Business Operations	134,257	150,037	173,689	175,298	84,437
Operation and Maintenance of Plant	2,626,734	2,576,144	2,431,394	2,331,809	2,244,959
Pupil Transportation	2,233,794	2,546,121	2,328,849	2,102,371	1,497,404
Central	1,180,534	705,024	632,134	542,067	662,922
Non-instructional Services	1,536,703	1,501,303	1,450,647	1,278,593	1,228,604
Extracurricular Activities	894,545	1,021,415	1,242,837	968,524	797,972
Capital Outlay	372,740	1,158,942	211,343	147,519	481,824
Debt Service:					
Principal Retirement	1,301,990	1,249,635	1,206,126	1,190,000	947,929
Interest and Fiscal Charges	727,828	775,958	788,510	813,398	847,094
Bond Issuance Costs	-	-	-	-	147,964
<i>Total Expenditures</i>	<u>38,443,133</u>	<u>38,420,833</u>	<u>34,764,721</u>	<u>31,893,391</u>	<u>29,694,871</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(51,764)</u>	<u>684,657</u>	<u>2,956,778</u>	<u>2,431,097</u>	<u>967,364</u>
<b>Other Financing Sources (Uses)</b>					
Other Financing Sources (Uses)	-	-	(9,979)	(2,000)	-
Proceeds from Sale of Assets	1,265	189,067	5,929	2,824	1,753
Proceeds from Sale of Bonds	-	-	-	-	-
Premium on Bonds	-	-	-	-	-
Proceeds from Refunding Bonds	-	-	-	-	11,164,987
Premium on Refunding Bonds	-	-	-	-	967,645
Payment to Refunded Bonds Escrow Agent	-	-	-	-	(11,958,166)
Inception of Capital Lease	-	-	128,510	-	-
Advances In	-	-	-	-	10,001
Advances out	-	-	-	-	(10,001)
Transfers In	-	80,073	-	11,540	-
Transfers Out	-	(80,073)	-	(11,540)	-
<i>Total Other Financing Sources (Uses)</i>	<u>1,265</u>	<u>189,067</u>	<u>124,460</u>	<u>824</u>	<u>176,219</u>
<i>Net Change in Fund Balances</i>	<u>\$ (50,499)</u>	<u>\$ 873,724</u>	<u>\$ 3,081,238</u>	<u>\$ 2,431,921</u>	<u>\$ 1,143,583</u>
Debt Service as a Percentage of					
Noncapital Expenditures	5.32%	5.28%	5.82%	6.28%	6.04%

(1) Fiscal years 2004 through 2006 were reported on the modified-cash basis of accounting. Debt Service as a Percentage of Noncapital Expenditures calculation does not subtract additions due to District reporting on the modified-cash basis.

(2) With the implementation of GASB 34 in fiscal year 2002, the District reclassified all enterprise and trust funds as special revenue funds. In fiscal years 1998 through 2001, these funds will be presented as special revenue funds for comparative purposes.

	2004	2003	2002	2001	2000
\$	10,352,396	\$ 9,722,667	\$ 8,573,552	\$ 8,696,787	\$ 8,217,535
	3,014,457	2,920,312	2,840,069	2,779,705	2,449,197
	-	-	-	-	-
	14,128,699	13,592,622	12,320,054	11,361,795	9,865,985
	784,710	659,361	634,521	632,368	567,921
	63,444	138,577	258,128	963,843	1,257,557
	387,402	283,695	342,738	290,749	172,094
	335,904	535,216	447,858	503,605	276,324
	236,495	130,773	91,803	200,217	209,350
	<u>29,303,507</u>	<u>27,983,223</u>	<u>25,508,723</u>	<u>25,429,069</u>	<u>23,015,963</u>
	11,793,236	11,629,278	10,206,896	9,306,416	8,369,565
	2,523,762	1,894,373	1,783,385	1,466,896	1,187,354
	658,846	549,822	451,749	475,658	423,676
	925,031	-	-	-	338,352
	1,454,212	1,452,848	1,291,826	1,050,150	953,346
	950,621	1,043,493	1,004,603	798,958	622,752
	20,369	58,203	41,650	23,981	20,493
	2,295,587	2,691,159	1,901,354	1,661,434	1,674,095
	699,523	921,397	772,074	592,988	419,335
	86,162	112,093	35,724	145,032	51,460
	2,339,758	2,700,280	2,140,673	1,804,064	1,668,549
	1,924,313	1,683,752	1,469,727	1,377,108	1,259,948
	407,673	516,956	439,303	325,375	125,147
	1,010,928	962,598	852,438	754,914	780,388
	1,007,101	1,265,389	1,006,305	995,939	757,793
	1,517,082	1,052,583	3,256,458	9,715,604	10,390,641
	606,320	1,119,468	1,055,873	954,781	789,522
	1,120,659	1,234,336	1,267,957	1,291,094	1,337,108
	-	-	-	-	-
	<u>31,341,183</u>	<u>30,888,028</u>	<u>28,977,995</u>	<u>32,740,392</u>	<u>31,169,524</u>
	<u>(2,037,676)</u>	<u>(2,904,805)</u>	<u>(3,469,272)</u>	<u>(7,311,323)</u>	<u>(8,153,561)</u>
	-	-	-	6,276	-
	2,702	1,481	2,164	13,554	6,427
	1,650,000	-	-	-	-
	2,966	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	155,787	124,753	526,590	91,960
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	122,401	-
	-	-	-	(122,401)	-
	<u>1,655,668</u>	<u>157,268</u>	<u>126,917</u>	<u>546,420</u>	<u>98,387</u>
\$	<u>(382,008)</u>	<u>(2,747,537)</u>	<u>(3,342,355)</u>	<u>(6,764,903)</u>	<u>(8,055,174)</u>
	5.51%	7.80%	8.82%	9.24%	10.31%

**Southwest Licking Local School District**  
*Assessed and Estimated Actual Value of Taxable Property*  
*Last Ten Collection Years*

Tax Year/ Collection Year	Real Property			Tangible Personal Property				Total		Ratio	Tax Rate
	Assessed Value		Estimated Actual Value	Public Utility		General Business		Assessed Value	Estimated Actual Value		
	Residential/ Agricultural	Commercial/ Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2008/2009	\$ 493,049,840	\$ 64,183,240	\$ 1,592,094,514	\$ 14,946,620	\$ 59,786,480	\$ 5,169,450	\$ 59,786,480	\$ 577,349,150	\$ 1,711,667,474	33.73%	\$ 36.39
2007/2008	487,945,690	59,446,260	1,563,977,000	14,345,610	57,382,440	7,896,324	57,382,440	569,633,884	1,678,741,880	33.93%	\$ 37.22
2006/2007	467,851,540	55,451,060	1,495,150,286	16,220,320	\$64,881,280	7,713,471	64,881,280	547,236,391	1,624,912,846	33.68%	\$ 37.30
2005/2006	447,286,360	54,034,950	1,432,346,600	16,406,790	\$65,627,160	10,556,322	65,627,160	528,284,422	1,563,600,920	33.79%	\$ 39.67
2004/2005	397,194,290	41,107,470	1,252,290,743	16,647,680	\$66,590,720	9,945,506	66,590,720	464,894,946	1,385,472,183	33.55%	\$ 32.62
2003/2004	371,894,030	35,894,710	1,165,110,686	17,492,840	\$69,971,360	11,164,514	69,971,360	436,446,094	1,305,053,406	33.44%	\$ 31.70
2002/2003	351,373,650	37,825,530	1,111,997,657	16,089,480	\$64,357,920	10,042,450	64,357,920	415,331,110	1,240,713,497	33.48%	\$ 31.90
2001/2002	289,635,890	30,258,550	913,984,114	15,870,700	\$63,482,800	10,125,210	63,482,800	345,890,350	1,040,949,714	33.23%	\$ 43.15
2000/2001	270,572,680	25,994,330	847,334,314	21,944,270	\$87,777,080	8,962,480	87,777,080	327,473,760	1,022,888,474	32.01%	\$ 43.15
1999/2000	253,227,140	24,594,440	793,775,943	20,038,240	\$80,152,960	7,589,850	80,152,960	305,449,670	954,081,863	32.02%	\$ 43.15

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in tax year 2006. The listing percentage was 18.75 percent for tax year 2006, 12.5 percent for tax year 2007, 6.25 percent for tax year 2008 and zero for tax year 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

**Source:** Office of the County Auditor, Licking County, Ohio

**Southwest Licking Local School District**  
*Property Tax Rates*  
(per \$1,000 of assessed value)  
*Last Ten Years*

Tax Year/ Collection Year	Direct Rates					Overlapping Rates											
						Fairfield County			Licking County								
	Voted		Perm.	Unvoted	Total	Fairfield County	Liberty Township	Basil Joint Fire District	Licking County	City of Pataskala	Etna Township	Harrison Township	Kirkersville Village	St. Albans Township	Union Township	West Licking Joint Fire District	Licking County JVSD
General	Bond	Improve.															
2008/2009	25.42	3.27	2.80	4.90	36.39	7.55	2.30	9.27	7.40	7.90	2.30	5.90	5.00	13.23	5.90	11.50	3.00
2007/2008	25.70	3.82	2.80	4.90	37.22	7.55	2.30	9.27	7.40	7.90	2.30	5.90	5.00	12.62	5.90	11.50	3.00
2006/2007	25.78	3.82	2.80	4.90	37.30	7.55	2.30	9.27	7.40	7.90	2.30	5.90	5.00	13.92	5.10	11.50	3.00
2005/2006	26.80	5.17	2.80	4.90	39.67	7.55	2.30	9.27	7.40	10.40	2.30	5.90	5.00	14.20	5.90	11.50	3.00
2004/2005	19.80	5.12	2.80	4.90	32.62	7.55	2.30	5.27	7.20	10.40	2.30	5.90	5.00	11.50	5.90	10.50	3.00
2003/2004	19.80	4.20	2.80	4.90	31.70	7.05	2.30	5.27	7.20	10.40	2.30	5.90	5.00	11.60	6.20	10.50	2.80
2002/2003	19.80	4.40	2.80	4.90	31.90	7.05	2.30	5.27	7.20	10.40	2.30	5.90	5.00	11.60	6.20	10.50	3.00
2001/2002	29.50	5.95	2.80	4.90	43.15	7.05	2.30	5.27	7.20	10.40	2.30	5.90	5.00	11.60	6.20	10.50	2.00
2000/2001	29.50	5.95	2.80	4.90	43.15	7.05	2.30	5.27	7.20	10.40	2.30	5.90	5.00	10.70	6.20	10.50	2.00
1999/2000	29.50	5.95	2.80	4.90	43.15	7.05	2.30	5.27	7.20	10.40	3.06	5.90	5.00	10.70	6.20	10.50	2.00

**Source:** Office of the County Auditor, Licking County, Ohio

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

**Southwest Licking Local School District**  
*Property Tax Levies and Collections (1)*  
*Last Ten Collection Years*  
 Licking County

Collection Year (2)	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections (3)	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy
2008	16,958,720	16,409,348	96.76%	433,454	16,842,802	99.32%
2007	16,637,636	16,137,777	97.00%	402,161	16,539,988	99.41%
2006	16,517,495	15,990,592	96.81%	394,216	16,384,808	99.20%
2005	11,916,588	11,613,202	97.45%	285,728	11,898,930	99.85%
2004	11,009,955	10,601,341	96.29%	408,614	10,871,951	98.75%
2003	10,542,092	10,167,792	96.45%	374,300	10,501,975	99.62%
2002	9,438,650	9,106,779	96.48%	289,661	9,396,440	99.55%
2001	9,128,940	8,839,025	96.82%	272,386	9,111,411	99.81%
2000	8,607,383	8,282,790	96.23%	324,593	8,498,949	98.74%
1999	8,028,644	7,758,560	96.64%	177,561	7,936,121	98.85%

(1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.

(2) The 2009 information cannot be presented because all collections have not been made by June 30, 2009.

(3) The County does not identify delinquent tax collections by tax year.

**Source:** Office of the County Auditor, Licking County, Ohio

**Southwest Licking Local School District**

*Principal Taxpayers*

*Real Estate Tax*

*Tax Years 2008 and 2004 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Real Property Assessed Value
Cumberland Highland LLC	\$ 4,296,190	0.77%
Prologis	2,705,730	0.49%
Hazelton Management Group	2,636,100	0.47%
Cataline Club	2,469,290	0.44%
James A Nelson, et al	1,678,250	0.30%
Kroger Company	1,562,960	0.28%
Licking Memorial Health Systems	1,473,850	0.26%
1201 Etna Parkway LLC	1,220,870	0.22%
Addendum Corporation	1,094,140	0.20%
Harry E. Tolson	1,033,730	0.19%
Totals	<u>20,171,110</u>	<u>3.62%</u>
All Others	537,061,970	96.38%
Total Real Estate Property Assessed Valuation	<u>\$ 557,233,080</u>	<u>100%</u>
Name of Taxpayer	2004	
	Assessed Value	Percent of Real Property Assessed Value
Cumberland Highland LLC	\$ 3,233,240	0.74%
Catalina Club LLC	3,103,140	0.71%
DSM Holdings LLC/Dominion Homes	2,115,090	0.48%
Maronda Homes Inc. of Ohio	1,777,290	0.41%
Licking Memorial Health Systems	1,157,770	0.26%
Coughlin Land Co Ltd/Coughlin Automotive Prop. LLC	1,118,500	0.26%
Harry A. Tolson	1,067,500	0.24%
Columbia Road Ltd	1,061,870	0.24%
Kroger Company	969,150	0.22%
Too Brands Inc.	915,740	0.21%
Totals	<u>16,519,290</u>	<u>3.77%</u>
All Others	421,782,470	96.23%
Total Real Estate Property Assessed Valuation	<u>\$ 438,301,760</u>	<u>100%</u>

(1) The amounts presented represent the assessed values upon which 2009 and 2005 collections were based.

Note: Information was unavailable for tax years 1999 through 2003

Source: Office of the County Auditor, Licking County, Ohio

**Southwest Licking Local School District**

*Principal Taxpayers*

*Tangible Personal Property Tax*

*Tax Years 2008 and 2004 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
United Telephone Co of Ohio	\$ 477,310	9.23%
Coughlin Automotive Holdings LLC	381,110	7.37%
Contract Lumber Inc.	324,460	6.28%
Kroger Company	14,300	0.28%
Allen Refractories Co	94,640	1.83%
SR Door Inc.	92,020	1.78%
Prepaid Phone Cards	82,990	1.61%
Pataskal CVS	72,650	1.41%
MCI Communications Inc	58,300	1.13%
CFJ Properties LLC	58,160	1.13%
Total	<u>1,655,940</u>	<u>32.03%</u>
All Others	3,513,510	67.97%
Total General Business Property Assessed Valuation	<u>\$ 5,169,450</u>	<u>100%</u>

Name of Taxpayer	2004	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Contract Lumber Inc.	\$ 1,034,140	10.40%
Too Brands Inc.	1,026,080	10.32%
Kroger Company	605,560	6.09%
Acuity Lighting Group Inc.	431,780	4.34%
Time Warner Cable Inc.	382,050	3.84%
Suburgan Steel Supply Co.	362,030	3.64%
Big West Oil Co. (Flying J Service Plaza)	308,030	3.10%
Insight Communication of Central Ohio	294,580	2.96%
SR Door Inc.	293,180	2.95%
International Truck & Engine Corp.	291,390	2.93%
Total	<u>5,028,820</u>	<u>50.56%</u>
All Others	4,916,686	49.44%
Total General Business Property Assessed Valuation	<u>\$ 9,945,506</u>	<u>100%</u>

(1) The amounts presented represent the assessed values upon which 2009 and 2005 collections were based.

Note: Information was unavailable for tax years 1999 through 2003

**Source: Office of the County Auditor, Licking County, Ohio**

**Southwest Licking Local School District**

*Principal Taxpayers*

*Public Utilities Tax*

*Tax Years 2008 and 2004 (1)*

Name of Taxpayer	2008	
	Assessed Value	Percent of Public Utility Property Assessed Value
Columbus Southern Power Co.	\$ 7,169,450	47.97%
Ohio Power	3,354,860	22.45%
National Gas & Oil	1,055,390	7.06%
Columbia Gas/Columbia Gas Transmission	1,036,990	6.94%
Licking Rural Electric	1,033,930	6.92%
Dayton Power	13,197	0.09%
South Central Power	73,640	0.49%
Duke Energy Ohio Inc	52,180	0.35%
Buckeye Power	6,770	0.05%
Total	<u>13,796,407</u>	<u>92.30%</u>
All Others	1,150,213	7.70%
Total Public Utilities Personal Property Assessed Valuation	<u>\$ 14,946,620</u>	<u>100%</u>

Name of Taxpayer	2004	
	Assessed Value	Percent of Tangible Personal Property Assessed Value
Columbus Southern Power Co.	\$ 4,684,730	28.14%
Ohio Power	4,480,580	26.91%
United Telephone	2,848,490	17.11%
Columbia Gas/Columbia Gas Transmission	861,640	5.18%
Licking Rural Electric	809,770	4.86%
National Gas & Oil	689,260	4.14%
Ohio Bell Telephone	118,770	0.71%
Total	<u>14,493,240</u>	<u>87.06%</u>
All Others	2,154,440	12.94%
Total Public Utilities Property Assessed Valuation	<u>\$ 16,647,680</u>	<u>100%</u>

(1) The amounts presented represent the assessed values upon which 2009 and 2005 collections were based.

Note: Information was unavailable for tax years 1999 through 2003

**Source: Office of the County Auditor, Licking County, Ohio**

**Southwest Licking Local School District**  
*Ratios of Outstanding Debt by Type*

*Last Ten Fiscal Years*

(1) Fiscal/ Tax Year	General Obligation Bonds	Capital Leases	Tax Anticipation Notes	Total Debt	(2) Personal Income	(2) Ratio of Total Debt per Personal Income	Total Debt per Capita	Total Debt per Enrollment
2009/2008	\$ 18,959,353	\$ 91,376	\$ 200,000	\$ 19,250,729	N/A	N/A	\$1,020	\$4,949
2008/2007	19,938,667	123,366	400,000	20,462,033	N/A	N/A	\$1,115	\$5,326
2007/2006	20,866,051	153,001	600,000	21,619,052	567,026,105	3.81%	\$1,205	\$5,824
2006/2005	21,758,004	176,647	-	21,934,651	535,462,881	4.10%	\$1,267	\$6,103
2005/2004	22,509,975	212,787	-	22,722,762	495,934,858	4.58%	\$1,393	\$6,518
2004/2003	23,384,988	284,138	-	23,669,126	458,266,936	5.16%	\$1,526	\$6,763
2003/2002	22,290,000	451,286	-	22,741,286	459,687,190	4.95%	\$1,520	\$6,542
2002/2001	23,290,000	414,967	-	23,704,967	438,292,198	5.41%	\$1,869	\$7,131
2001/2000	24,280,000	526,396	-	24,806,396	417,041,822	5.95%	\$2,032	\$7,609
2000/1999	25,180,000	155,186	-	25,335,186	381,432,712	6.64%	\$2,945	\$8,033

Note: (1) Information regarding debt is on a fiscal year basis while information relating to personal income is on calendar year basis.  
(2) Information for Tax year 2007 personal income was unavailable.

Source: Ohio Department of Taxation, District Records

**Southwest Licking Local School District**  
*Ratios of General Bonded Debt Outstanding*

*Last Ten Fiscal Years*

Fiscal Year	Total General Bonded Debt	Ratio of General Bonded Debt to Estimated Actual Value	General Bonded Debt per Capita	General Bonded Debt per Enrollment
2009	\$ 18,959,353	1.15%	\$1,005	\$4,874
2008	19,938,667	1.23%	\$1,086	\$5,190
2007	20,866,051	1.29%	\$1,163	\$5,621
2006	21,758,004	1.34%	\$1,257	\$6,054
2005	22,509,975	1.44%	\$1,380	\$6,457
2004	23,384,988	1.69%	\$1,508	\$6,681
2003	22,290,000	1.71%	\$1,490	\$6,413
2002	23,290,000	1.88%	\$1,836	\$7,007
2001	24,280,000	2.33%	\$1,989	\$7,448
2000	25,180,000	2.46%	\$2,927	\$7,984

**Southwest Licking Local School District**  
*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities*  
June 30, 2009

	Total General Bonded Debt	Percentage Applicable to District (1)	Amount of Direct and Overlapping Debt
<b>Direct Debt</b>			
Southwest Licking Local School District	\$ 19,250,729	100%	\$ 19,250,729
<b>Overlapping Debt:</b>			
Payable from Property Taxes as of December 31, 2008:			
St. Albans Township General Obligation Bonds	1,335,100	2.84%	37,911
St. Albans Township General Obligation Notes	74,000	2.84%	2,101
Etna Township General Obligation Notes	6,205	50.07%	3,107
Harrison Township	-	100.00%	-
Union Township	-	2.82%	-
Liberty Township	-	14.42%	-
Basil Joint Fire District	-	19.27%	-
West Licking Joint Fire District	-	98.49%	-
Village of Kirkersville General Obligation Notes	18,286	100.00%	18,286
City of Pataskala General Obligation Notes	1,036,000	45.99%	476,455
Fairfield County General Obligation Bonds	17,380,000	1.10%	190,720
Fairfield County General Obligation Notes	1,390,000	1.10%	15,253
Licking County General Obligation Bonds	9,237,549	14.86%	1,373,049
Licking County General Obligation Notes	1,700,000	14.86%	252,684
Payable from Other Sources as of December 31, 2008:			
City of Pataskala Capital Leases	253,537	45.99%	116,601
Fairfield County Capital Leases	491,575	1.10%	5,394
Fairfield County Special Assessment Bonds	2,076,574	1.10%	22,787
Licking County Capital Leases	91,280	14.86%	13,568
Licking County Special Assessment Bonds	440,181	14.86%	65,428
Total Overlapping Debt	35,530,287		2,593,344
Total Direct and Overlapping Debt	\$ 54,781,016		\$ 21,844,073

(1) Percentages were determined by dividing the assessed or actual valuation of the overlapping government located within the boundaries of the District by the total assessed or actual valuation of the overlapping government. The valuations used were for tax year 2008.

Sources: Licking County, Fairfield County, City of Pataskala, St. Albans Township, Etna Township, Harrison Township, Union Township, Liberty Township, Village of Kirkersville, Basil Joint Fire District and West Licking Joint Fire District.

**Southwest Licking Local School District**  
*Computation of Legal Debt Margin*  
*June 30, 2009*

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Total Assessed Valuation	\$	577,349,150
Assessed Valuation for Purpose of Legal Debt Margin (1)		557,233,080
<b>Overall Debt Limitation</b>		
9% of Assessed Valuation (2)		50,150,977
Total General Bonded Debt		18,959,353
Less: Accretion on Capital Appreciation Bonds		(1,294,378)
Plus: Unamortized Premium on Bonds		899,043
Net Debt Subject to Limitation		18,564,018
Overall Legal Debt Margin		31,586,959
 <b>Unvoted Debt Limitation</b>		
.1% of Assessed Valuation (2)		557,233
Total Unvoted General Bonded Debt		-
Unvoted Legal Debt Margin		557,233

(1) The definition of tax valuation for the purpose of calculating the debt margin was modified by H.B. 530, effective 3/30/06, to exclude tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, or personal property owned or leased by a railroad company and used in railroad operations.

(2) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

Source: District Financial Records

**Southwest Licking Local School District**

*Computation of Legal Debt Margin*

*Last Ten Fiscal Years*

Tax/ Fiscal Year	Assessed Valuation	Overall Debt Limit	Debt Subject to Limit	Legal Debt Margin	Debt Subject to Limit as a Percentage of Overall Debt Limit	Unvoted Debt Margin as a Percentage of Unvoted Debt Limit
2009	\$ 557,233,080	\$ 50,150,977	\$ 18,564,018	\$ 31,586,959	37.02%	100%
2008	547,391,950	49,265,276	20,350,376	28,914,900	41.31%	100%
2007	547,391,950	49,265,276	21,328,190	27,937,086	43.29%	100%
2006	523,302,600	47,097,234	22,630,277	24,466,957	48.05%	100%
2005	528,284,422	47,545,598	24,091,950	23,453,648	50.67%	100%
2004	464,894,946	41,840,545	24,229,318	17,611,227	57.91%	100%
2003	436,446,094	39,280,148	22,530,000	16,750,148	57.36%	100%
2002	415,331,110	37,379,800	23,540,000	13,839,800	62.98%	100%
2001	345,890,350	31,130,132	24,540,000	6,590,132	78.83%	100%
2000	327,473,760	29,472,638	25,450,000	4,022,638	86.35%	100%

**Source:** Licking County Auditor and District Financial Records

**Southwest Licking Local School District**  
*Demographic and Economic Statistics*

*Last Ten Calendar Years*

<u>Calendar Year</u>	<u>District Population (1)</u>	<u>Licking County Per Capita Personal Income</u>	<u>Personal Income</u>	<u>District Enrollment</u>
2009	18,869	\$30,598	\$ 577,349,150	3,890
2008	18,353	\$32,161	590,261,159	3,842
2007	17,937	\$30,509	547,236,391	3,712
2006	17,316	\$30,509	528,284,422	3,594
2005	16,308	\$29,685	484,092,620	3,486
2004	15,506	\$28,147	436,446,094	3,500
2003	14,964	\$27,755	415,331,110	3,476
2002	12,684	\$27,270	345,890,350	3,324
2001	12,210	\$26,820	327,473,760	3,260
2000	8,602	\$35,548	305,800,679	3,154

(1) Calculated by dividing District's assessed valuation by Licking County's assessed valuation and multiplying the product by Licking County's population.

Sources: Office of the County Auditor, Licking County, Ohio and District records.

**Southwest Licking Local School District**  
*District Employees by Function/Activity*  
*Last Five Fiscal Years*

	2005	2006	2007	2008	2009		2005	2006	2007	2008	2009
<b>Official/Administrative</b>						<b>Function</b>					
Assistant Superintendent	1.00	1.00	1.00	0.00	0.00	Governmental Activities					
Assistant Principal	2.00	2.00	2.00	2.00	2.00	Instruction					
Principal	5.00	6.00	6.00	6.00	6.00	General & Special Education	204.11	210.22	210.80	207.00	217.57
Superintendent	1.00	1.00	1.00	1.00	1.00	Other Instruction	4.00	7.00	11.00	11.00	10.00
Supervisor/Manager	4.00	5.02	5.00	5.00	5.00	Support Services					
Treasurer	1.00	1.00	1.00	1.00	1.00	Pupils	19.70	18.47	19.00	20.00	20.00
Coordinator	2.00	2.00	2.00	2.00	2.00	Instructional Staff	19.81	24.81	26.81	35.81	32.78
Director	2.00	3.50	3.50	4.50	4.53	Administration	25.50	31.83	33.81	33.81	33.06
Other Official/Administrative	0.50	0.00	0.00	0.00	0.00	Fiscal Services	4.00	5.00	5.00	5.00	5.00
Subtotal Administrative	18.50	21.52	21.50	21.50	21.53	Operation and Maintenance of Plant	25.25	25.25	26.25	26.25	24.25
<b>Professional - Educational</b>						Pupil Transportation	37.50	35.97	39.08	38.50	41.41
Curriculum Specialist	0.00	0.50	0.50	0.50	0.72	Central	3.75	3.75	4.75	4.75	5.75
Counseling	8.26	8.47	8.00	8.00	8.00	Subtotal Governmental Activities	343.62	362.30	376.50	382.12	389.82
Librarian/Media	2.00	2.00	2.00	2.00	1.75	Business Type Activities					
Remedial Specialist	4.00	7.00	10.00	10.00	10.00	Food Service Operations	20.43	18.22	16.36	19.18	17.72
General & Special Education	204.11	210.22	210.80	207.00	217.57	Subtotal Business Type Activities	20.43	18.22	16.36	19.18	17.72
Other Professional	0.00	0.00	4.00	4.00	3.00	<b>Total Primary Government</b>	364.05	380.52	392.86	401.30	407.54
Subtotal Professional - Educational	218.37	228.19	235.30	231.50	241.04						
<b>Professional - Other</b>											
Accounting	1.00	1.00	2.00	2.00	2.00						
Psychologist	3.00	3.00	3.00	3.00	3.00						
Registered Nursing	1.00	1.00	1.00	1.00	1.00						
Physical Therapist	0.00	0.00	0.00	0.00	0.00						
Speech and Language Therapist	3.33	3.00	3.00	4.00	4.00						
Occupational Therapist	1.00	1.00	1.00	1.00	1.00						
Other Professional	1.11	0.00	0.00	0.00	0.00						
Subtotal Professional - Other	10.44	9.00	10.00	11.00	11.00						
<b>Technical</b>											
Practical Nursing	1.00	1.00	1.00	1.00	1.00						
Computer Programming	1.00	1.00	2.00	2.00	2.00						
Library Aide	4.00	4.00	4.00	4.00	4.00						
Instructional Paraprofessional	0.00	12.81	12.81	20.81	27.03						
Subtotal Technical	6.00	18.81	19.81	27.81	34.03						
<b>Office/Clerical</b>											
Bookkeeping	2.00	2.00	1.00	1.00	1.00						
Clerical	15.25	19.06	19.06	19.06	19.06						
Messenger	0.00	0.00	0.00	0.00	1.00						
Teaching Aide	13.81	6.00	8.00	9.00	0.00						
Telephone Operator	0.00	0.50	0.50	0.50	0.50						
Other Office/Clerical	0.75	0.75	0.75	0.75	0.75						
Subtotal Office/Clerical	31.81	28.31	29.31	30.31	22.31						
<b>Crafts and Trades</b>											
General Maintenance	2.00	2.00	2.00	2.00	2.00						
Mechanic	2.00	2.00	2.00	2.00	2.00						
Subtotal Crafts and Trades	4.00	4.00	4.00	4.00	4.00						
<b>Operative</b>											
Dispatching	1.00	1.19	1.19	1.19	2.00						
Vehicle Operator (buses)	30.00	26.13	28.62	27.88	27.19						
Subtotal Operative	31.00	27.32	29.81	29.07	29.19						
<b>Service Work/Laborer</b>											
Custodian	21.00	21.00	22.00	22.00	20.00						
Food Service	19.43	16.72	14.86	17.68	16.22						
Monitoring	2.50	4.65	5.27	5.43	7.22						
Groundskeeping	1.00	1.00	1.00	1.00	1.00						
Subtotal Service Work/Laborer	43.93	43.37	43.13	46.11	44.44						
<b>Total</b>	364.05	380.52	392.86	401.30	407.54						

Numbers are shown as Full Time Equivalent (FTE).

Source: District records.

**Southwest Licking Local School District**

*Operating Statistics  
Last Ten Fiscal Years*

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<u>Fiscal Year</u>	<u>Expenses (1)</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
2009	38,271,878	3,890	\$9,839	-2.13%	271	14.4
2008	38,623,318	3,842	\$10,053	7.49%	259	14.8
2007	34,717,376	3,712	9,353	5.39%	258	14.4
2006	31,895,391	3,594	\$8,875	4.70%	239	15.0
2005	29,546,907	3,486	\$8,476	-5.35%	231	15.1
2004	31,341,183	3,500	\$8,955	4.37%	230	15.2
2003	29,823,939	3,476	\$8,580	7.39%	222	15.7
2002	26,556,432	3,324	\$7,989	-20.45%	212	15.7
2001	32,740,392	3,260	\$10,043	1.62%	204	16.0
2000	31,169,524	3,154	\$9,883	41.59%	198	15.9

(1) Fiscal years 1998 through 2001 are reported on the modified accrual basis of accounting and fiscal years 2004 through 2006 are reported on the modified cash basis of accounting. All other fiscal years are reported on the full accrual basis of accounting.

Source: District Records.

**Southwest Licking Local School District**

*Building Statistics*

*Last Ten Fiscal Years*

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Kindergarten Center</b>										
Constructed in 1965										
Total Building Square Footage	12,709	12,709	12,709	12,709	12,709	12,709	12,709	12,709	12,709	12,709
Enrollment Grades	K	K	K	K	K	K	K	K	K	K
Student Functional Capacity (Half Day)	308	308	308	308	308	308	308	308	308	308
Student Enrollment	290	275	284	307	239	274	274	311	302	309
<b>Etna Elementary</b>										
Constructed in 1996										
Total Building Square Footage	55,218	55,218	55,218	55,218	55,218	55,218	55,218	55,218	55,218	55,218
Enrollment Grades	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5
Student Functional Capacity	563	563	563	563	563	563	563	563	563	563
Student Enrollment	634	477	479	483	498	505	538	552	583	580
<b>Kirkersville Elementary</b>										
Constructed in 1937, additions in 1965, 1968, 2001, 2002										
Total Building Square Footage	37,784	49,782	56,787	56,787	56,787	56,787	56,787	56,787	56,787	56,787
Enrollment Grades	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5
Student Functional Capacity	n/a	n/a	368	368	368	368	368	368	368	368
Student Enrollment	348	348	332	339	401	376	394	356	348	362
<b>Pataskala Elementary</b>										
Constructed in 1908, additions in 1965, 2001										
Total Building Square Footage	44,669	63,845	63,845	63,845	63,845	63,845	63,845	63,845	63,845	63,845
Enrollment Grades	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5	1-5
Student Functional Capacity	n/a	458	458	458	458	458	458	458	458	458
Student Enrollment	219	433	448	495	470	487	479	501	536	518
<b>Watkins Middle School</b>										
Constructed in 1957, additions in 1964, 1969, 2001										
Total Building Square Footage	75,572	99,076	99,076	99,076	99,076	99,076	99,076	99,076	99,076	99,076
Enrollment Grades	6-8	6-8	6-8	6-8	6-8	6-8	6-8	6-8	6-8	6-8
Student Functional Capacity	n/a	904	904	904	904	904	904	904	904	904
Student Enrollment	717	735	751	807	879	839	875	881	902	918
<b>Watkins High School</b>										
Constructed in 1975, additions in 1981, 2001										
Total Building Square Footage	115,650	142,392	142,392	142,392	142,392	142,392	142,392	142,392	142,392	142,392
Enrollment Grades	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12	9-12
Student Functional Capacity	n/a	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104	1,104
Student Enrollment	946	992	1,030	1,058	1,037	1,024	1,055	1,126	1,170	1,201

n/a - not available.

Source: Ohio School Facilities Master Plan, Planning Advocates, Inc. Educational Facilities Needs - June 2002, and District Records.

**Southwest Licking Local School District**  
*Educational Operating Indicators*  
*Last Ten School Years*

	Fiscal Year 2009			Southwest Licking								
	Southwest Licking	Similar Districts	State Average	2008	2007	2006	2005	2004	2003	2002	2001	2000
	3rd Grade Achievement Test											
Mathematics	92.0%	89.0%	81.3%	84.2%	89.1%	86.5%	84.4%	n/a	n/a	n/a	n/a	n/a
Reading	85.4%	87.2%	77.4%	80.9%	80.2%	84.5%	85.7%	83.7%	n/a	n/a	n/a	n/a
4th Grade Proficiency/Achievement Test												
Citizenship	n/a	n/a	n/a	n/a	n/a	n/a	79.8%	75.1%	72.8%	71.1%	60.2%	62.1%
Mathematics	86.0%	89.2%	78.4%	77.6%	84.1%	89.9%	75.3%	79.9%	68.4%	62.4%	61.7%	54.1%
Reading	83.6%	90.8%	82.0%	80.5%	86.3%	82.5%	82.8%	79.2%	73.3%	68.0%	55.5%	62.1%
Science	n/a	n/a	n/a	n/a	n/a	n/a	74.9%	79.6%	70.9%	62.8%	63.7%	64.5%
Writing	89.0%	91.6%	84.4%	79.4%	87.2%	88.3%	84.6%	88.5%	89.5%	81.3%	85.0%	88.8%
5th Grade Achievement Test												
Mathematics	69.4%	75.6%	62.3%	69.3%	71.3%	67.0%	n/a	n/a	n/a	n/a	n/a	n/a
Reading	74.0%	83.0%	72.0%	81.2%	87.0%	79.1%	84.4%	n/a	n/a	n/a	n/a	n/a
Science	79.0%	83.1%	70.6%	73.3%	n/a							
Social Studies	64.4%	74.7%	61.6%	70.0%	65.5%	n/a						
6th Grade Proficiency/Achievement Test												
Citizenship	n/a	n/a	n/a	n/a	n/a	n/a	87.1%	83.8%	76.7%	72.3%	66.2%	69.1%
Mathematics	85.2%	88.3%	75.2%	85.8%	82.5%	74.7%	80.1%	83.8%	54.8%	50.4%	58.3%	44.7%
Reading	83.5%	90.7%	81.3%	84.6%	81.7%	89.4%	81.6%	80.6%	75.9%	49.2%	49.1%	44.5%
Science	n/a	n/a	n/a	n/a	n/a	n/a	80.9%	77.3%	78.1%	56.8%	50.6%	41.6%
Writing	n/a	n/a	n/a	n/a	n/a	n/a	94.5%	94.2%	92.6%	84.4%	78.9%	81.3%
7th Grade Achievement Test												
Mathematics	74.0%	85.3%	74.3%	68.9%	78.8%	63.3%	69.0%	n/a	n/a	n/a	n/a	n/a
Reading	81.2%	87.0%	76.6%	81.9%	83.1%	89.8%	n/a	n/a	n/a	n/a	n/a	n/a
Writing	83.2%	89.8%	80.5%	89.0%	87.4%	n/a						
8th Grade Achievement Test												
Mathematics	70.4%	83.5%	70.6%	75.6%	79.8%	73.8%	62.8%	n/a	n/a	n/a	n/a	n/a
Reading	73.4%	82.0%	72.4%	82.1%	87.2%	87.1%	81.6%	n/a	n/a	n/a	n/a	n/a
Science	66.3%	75.2%	62.8%	66.4%	76.0%	n/a						
Social Studies	43.1%	63.7%	51.1%	47.5%	53.5%	n/a						
10th Grade Ohio Graduation Test												
Mathematics	86.2%	90.9%	81.4%	86.5%	84.8%	88.4%	88.3%	n/a	n/a	n/a	n/a	n/a
Reading	90.5%	92.0%	84.5%	89.0%	91.3%	95.1%	97.0%	n/a	n/a	n/a	n/a	n/a
Science	83.9%	88.6%	76.0%	80.1%	76.6%	78.0%	80.5%	n/a	n/a	n/a	n/a	n/a
Social Studies	90.9%	90.8%	81.6%	88.6%	84.5%	81.8%	87.4%	n/a	n/a	n/a	n/a	n/a
Writing	93.8%	95.2%	89.7%	88.7%	91.0%	90.9%	90.5%	n/a	n/a	n/a	n/a	n/a
11th Grade Ohio Graduation Test (OGT) <sup>1</sup>												
Mathematics	93.1%	95.2%	88.4%	92.0%	96.4%	92.8%	n/a	n/a	n/a	n/a	n/a	n/a
Reading	96.2%	97.0%	92.8%	96.4%	96.0%	97.7%	n/a	n/a	n/a	n/a	n/a	n/a
Science	91.1%	93.6%	84.2%	92.4%	89.5%	91.0%	n/a	n/a	n/a	n/a	n/a	n/a
Social Studies	94.5%	95.1%	88.6%	95.3%	94.2%	91.9%	n/a	n/a	n/a	n/a	n/a	n/a
Writing	96.9%	97.1%	93.2%	96.4%	96.4%	96.4%	n/a	n/a	n/a	n/a	n/a	n/a
Student Attendance Rate	94.6%	95.5%	94.3%	94.2%	94.5%	94.4%	94.2%	94.2%	94.4%	94.1%	93.9%	94.1%
Student Graduation Rate	95.3%	96.5%	84.6%	93.5%	91.9%	91.8%	91.5%	89.7%	90.3%	87.6%	87.6%	83.5%
Student Enrollment	3,904	n/a	n/a	3,842	3,727	3,615	3,505	3,524	3,489	3,324	3,260	3,154

<sup>1</sup> Results for 11th grade students who took the test as 10th and 11th graders.

ACT Scores (Average)												
Southwest Licking	21.3	n/a	n/a	20.8	20.7	20.8	22.2	21.0	22.5	21.2	21.6	21.1
National	21.1	n/a	n/a	20.8	21.2	21.1	20.9	20.9	20.8	20.8	21.0	21.0
SAT Scores (Average)												
Reading (Verbal)												
Southwest Licking	532	n/a	n/a	520	508	511	549	526	548	552	548	559
National	501	n/a	n/a	502	502	503	508	508	507	504	506	505
Mathematics												
Southwest Licking	523	n/a	n/a	505	513	505	538	557	558	544	568	554
National	515	n/a	n/a	515	515	518	520	518	519	516	514	514
Writing (initiated 2006)												
Southwest Licking	514	n/a	n/a	470	485	502	n/a	n/a	n/a	n/a	n/a	n/a
National	493	n/a	n/a	494	494	497	n/a	n/a	n/a	n/a	n/a	n/a

n/a - not applicable

Source: District Records, Ohio Department of Education Local Report Card, The College Board, and ACT.org Website.

**Southwest Licking Local School District**  
*Capital Asset Statistics*  
*Last Seven Fiscal Years*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Nondepreciable Capital Assets</b>							
Land	751,808	751,808	751,808	751,808	754,314	754,314	754,314
Construction in Progress	-	-	27,144	-	855,106	469,866	8,136,111
Total Nondepreciable Capital Assets	<u>751,808</u>	<u>751,808</u>	<u>778,952</u>	<u>751,808</u>	<u>1,609,420</u>	<u>1,224,180</u>	<u>8,890,425</u>
<b>Depreciable Capital Assets</b>							
Land Improvements	512,300	544,984	544,419	575,811	491,804	328,315	231,076
Buildings and Buildings Improvements	22,409,772	23,093,654	23,777,536	24,461,418	23,409,059	23,563,271	14,564,114
Furniture, Fixtures & Equipment	921,791	1,065,271	1,248,117	1,348,876	1,809,875	1,974,197	1,938,297
Vehicles	635,945	630,928	827,575	700,092	593,495	716,409	633,566
Total Depreciable Capital Assets	<u>24,479,808</u>	<u>25,334,837</u>	<u>26,397,647</u>	<u>27,086,197</u>	<u>26,304,233</u>	<u>26,582,192</u>	<u>17,367,053</u>
Total Capital Assets, Net	<u>25,231,616</u>	<u>26,086,645</u>	<u>27,176,599</u>	<u>27,838,005</u>	<u>27,913,653</u>	<u>27,806,372</u>	<u>26,257,478</u>

(1) Fiscal years 2004 and 2005 were reported on the modified-cash basis of accounting.

Information was unavailable for fiscal years 1998 through 2000

Note: Depreciable capital assets are presented net of accumulated depreciation.

Source: District Records



**Mary Taylor, CPA**  
Auditor of State

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 2, 2010**