Certified Public Accountants, A.C.

SOUTHWEST LICKING COMMUNITY WATER AND SEWER DISTRICT
LICKING COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 - 2020

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Board of Trustees
Southwest Licking Community Water and Sewer District
P. O. Box 215
Etna, Ohio 43018

We have reviewed the *Independent Auditor's Report* of the Southwest Licking Community Water and Sewer District, Licking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2021. 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 Community Water and Sewer District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 31, 2022

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SOUTHWEST LICKING COMMUNITY WATER AND SEWER DISTRICT
LICKING COUNTY

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LICKING COUNTY

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INDEPENDENT AUDITOR'S REPORT

Southwest Licking Community Water and Sewer District
Licking County
P.O. Box 215
Etna, Ohio 43018

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Southwest Licking Community Water and Sewer District, Licking County, Ohio (the District), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Southwest Licking Community Water and Sewer District, Licking County, Ohio (the District), as of and for the years ended December 31, 2021 and 2020, and the respective changes in financial position and, cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules, such as the combining and individual nonmajor fund financial statements and schedules and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District 's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District 's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 20, 2022

This discussion and analysis, along with the accompanying financial reports, of Southwest Licking Community Water and Sewer District (SWLCWSD or "the District") is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of SWLCWSD exceeded liabilities and deferred inflows of resources on December 31, 2021 by $43.6 million and on December 31, 2020 by $34.7 million. The District's net position as shown on page 6 increased by $8.9 million (25.7%) in 2021 and increased by $5.4 million (18.2%) in 2020.

The District's operating revenues increased by $330 thousand (3.9%) in 2021 and increased by $366 thousand (4.6%) in 2020. Operating expenses (excluding depreciation and amortization expenses) decreased $1.3 million (28.0%) in 2021 and increased $578 thousand (14.1%) in 2020. Depreciation and amortization expense increased by $34 thousand (1.1%) in 2021 and increased by $78 thousand (2.6%) in 2020. The District's non-operating revenues increased by $2.2 million (41.7%) in 2021and increased by $410 thousand (8.5%) in 2020. The District's non-operating expenses decreased by $216 thousand (15.2%) in 2021 and decreased by $281 thousand (16.6%) in 2020.

The District issued $4,915,853 of additional long-term debt in 2021 and $249,214 of additional long-term debt in 2020.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the District's Assets, Liabilities and Deferred Inflows and Outflows of Resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, and obligations owed by the District (liabilities) on December 31. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, special assessments, and other income. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the District's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, capital and non-capital financing activities.

STATEMENTS OF NET POSITION

Table 1 summarizes the net position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets", are capital assets less outstanding debt that was used to acquire those assets.

Table 1	**2021**	**2020**	**Change Amount**	**2019**	**Change Amount**
Current and Other Assets	$ 30,827,797	$ 25,919,751	$ 4,908,046	$ 23,966,941	$ 1,952,810
Restricted Assets	45,930	45,926	4	45,918	8
Capital Assets, Net	56,867,784	52,330,745	4,537,039	52,611,869	(281,124)
Total Assets	87,741,511	78,296,422	9,445,089	76,624,728	1,671,694
Deferred Outflows of Resources					
Pensions	358,552	305,582	52,970	739,244	(433,662)
OPEB	167,018	194,138	(27,120)	115,079	79,059
Total Deferred Outflows of Resources	525,570	499,720	25,850	854,323	(354,603)
Long Term Liabilities	33,330,769	32,624,143	706,626	35,921,644	(3,297,501)
Current and Other Liabilities	3,708,320	4,564,692	(856,372)	5,388,790	(824,098)
Total Liabilities	37,039,089	37,188,835	(149,746)	41,310,434	(4,121,599)
Deferred Inflows of Resources					
Unearned Special Assessments	6,623,909	6,459,418	164,491	6,728,117	(268,699)
Pensions	590,256	341,840	248,416	30,762	311,078
OPEB	485,555	155,497	330,058	2,762	152,735
Total Deferred Inflows of Resources	7,699,720	6,956,755	742,965	6,761,641	195,114
Net Position					
Net Investment in Capital Assets	22,646,140	19,419,047	3,227,093	16,110,520	3,308,527
Unrestricted	20,882,132	15,231,505	5,650,627	13,296,456	1,935,049
Total Net Position	$ 43,528,272	$ 34,650,552	$ 8,877,720	$ 29,406,976	$ 5,243,576

The net pension liability (NPL) is a liability reported by the District at December 31, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The postemployment benefits (OPEB) liability is a liability reported by the District at December 31, 2021 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The District's net position as shown on page 4 increased by $8.9 million (25.6 %) in 2021 and increased by $5.2 million (17.8%) in 2020. It is important to note that beginning net position for 2020 was restated, but the financial information on page 4 was not restated for fiscal year 2019.

The increase in 2021 is primarily due to the increase in total assets of approximately $9.4 million and minimal net changes in total liabilities. The increase in total assets is mainly due to an increase in cash and net capital assets and a slight decrease in special assessments receivable. Cash increased due to cash receipts exceeding cash disbursements primarily due to tap fees in 2021, the OWDA interest subsidy which reduced cash interest payments in 2021, and special assessment collections in 2021. Net capital assets increased primarily due to capital asset additions which were partially offset by current year depreciation. Assessment receivables decreased due to assessment payments received. The slight change in total liabilities is primarily due to the increase in notes payable offset by a decrease in net OPEB liability.

The increase in 2020 is primarily due to the increase in total assets of approximately $1.7 million and a decrease in total liabilities of approximately $4.1 million. The increase in total assets is mainly due to an increase in cash offset by a decrease in net capital assets and a decrease in special assessments receivable. Cash increased due to cash receipts exceeding cash disbursements primarily due to tap fees in 2020, the OWDA interest subsidy which reduced cash interest payments in 2020, and special assessment collections in 2020. Net capital assets decreased primarily due to current year depreciation which was partially offset by capital asset additions. Assessment receivables decreased due to assessment payments received. The decrease in total liabilities is primarily due to the decrease in notes payable as well as a decrease in net pension liability.

Unrestricted net position increased by $5.7 million (37.1%) in 2021 and increased by $1.9 million (14.6%) in 2020. Unrestricted net assets may be used without constraints established by legal requirements. Cash and cash equivalents increased $4.9 million (27.6%) in 2021 and increased $3.0 million (20.3%) in 2020. It is important to note that beginning net position for 2020 was restated, but the financial information on page 4 was not restated for fiscal year 2019.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in Revenues and Expenses and Net Position.

Table 2

	2021	2020*	Change	2019	Change
Operating Revenues	$ 8,711,912	$ 8,381,848	$ 330,064	$ 8,015,996	$ 365,852
Operating Expenses					
(Excluding Depreciation)	3,357,274	4,663,629	(1,306,355)	4,085,145	578,484
Depreciation	3,112,399	3,078,800	33,599	3,001,007	77,793
Total Operating Expenses	**6,469,673**	**7,742,429**	**(1,272,756)**	**7,086,152**	656,277
Operating Income/(Loss)	2,242,239	639,419	1,602,820	929,844	(290,425)
Non-Operating Revenues	7,380,353	5,208,457	2,171,896	4,798,365	410,092
Non-Operating Expenses	1,202,986	1,419,148	(216,162)	1,700,477	(281,329)
Capital Contributions	458,114	925,599	(467,485)	870,655	54,944
Changes in Net Position	**8,877,720**	**5,354,327**	**3,523,393**	**4,898,387**	**455,940**
Net Position at Beginning of Year	**34,650,552**	**29,296,225**	**5,354,327**	**24,508,589**	**4,787,636**
Net Position at End of Year	**$ 43,528,272**	**$ 34,650,552**	**$ 8,877,720**	**$ 29,406,976**	**$ 5,243,576**

* Net position restated.

Operating revenues increased $330 thousand (3.9%) in 2021. This increase was related to an increase in service revenues received from customers. Non-operating revenues increased $2.2 million (41.7%) in 2021. This increase is primarily due to an increase in tap fee income and an increase in miscellaneous income, offset by a decrease in interest income and in capacity fee revenue. The increase in tap fee revenue is the result of ongoing construction activity during 2021. These revenues remain a substantial source of revenues for 2021. There were capital contributions of $458,114 in 2021 (a decrease of $467,485 from 2020). The decrease was due to donated lines from developers in 2021 which were less than in 2020, and the receipt of less deferred special assessment revenue in 2021. Capital contributions will fluctuate from year to year depending on developer construction activity, grants available from the federal and state governments and deferred agricultural special assessments being collected from property converted from agricultural use.

Operating revenues increased $366 thousand (4.6%) in 2020. This increase was related to an increase in service revenues received from customers. Non-operating revenues increased $410 thousand (8.5%) in 2020. This increase is primarily due to an increase in tap fee income, capacity fee revenue and debt service fee revenues, offset by a decrease in interest income and in intergovernmental revenue. The decrease in intergovernmental revenue is due to annualized amortization of the interest subsidy program implemented by the Ohio Water Development Authority. OWDA provided reductions in interest required to be paid on loans over a predetermined interest rate and this interest rate reduction is recognized as intergovernmental revenue in the accompanying statements with a corresponding charge to interest expense. The increase in tap fee revenue is the result of ongoing construction activity during 2020. These revenues remain a substantial source of revenues for 2020. There were capital contributions of $925,599 in 2020 (an increase of $54,944 over 2019). The increase was due to donated lines from developers in 2020 which were slightly more than in 2019, and the receipt of deferred special assessment revenue in 2020. Capital contributions will fluctuate from year to year depending on developer construction activity, grants available from the federal and state governments and deferred agricultural special assessments being collected from property converted from agricultural use.

Operating expenses, excluding depreciation and amortization, decreased $1.3 million (28.0%) in 2021. This decrease was primarily due to a decrease in pension and OPEB expense, a decrease in maintenance and repair expenses and a decrease in real property taxes. These decreases in expenses were partially offset by an increase in salaries, health insurance expense, and real estate taxes. Depreciation expense increased slightly from 2020. Interest expense decreased because principal balances on loans for which payments were required during 2021 had decreased.

Operating expenses, excluding depreciation and amortization, increased $578 thousand (14.1%) in 2020. This increase was primarily due to an increase in salaries and associated payroll taxes, repairs and maintenance expense, insurance expense and utility expense and real estate taxes. This increase was partially offset by a decrease in chemical and operating supplies expense, pension and OPEB expense, and legal expense during 2020. Depreciation and amortization expense increased slightly from 2019. Interest expense decreased because principal balances on loans for which payments were required during 2020 had decreased.

CAPITAL ASSETS

The District had $137.9 million invested in capital assets (before accumulated depreciation of $81.0 million) at the end of 2021. This amount is an increase of $7.7 million (5.9%) from the previous year. Additional information regarding capital assets can be found in Note F to the basic financial statements.

Table 3

	2021	2020	Change Amount	2019	Change Amount
Capital Assets Not Being Depreciated:					
Land	$ 2,699,166	$ 1,395,946	$ 1,303,220	$ 1,395,946	$ -
Land Easements	379,406	379,406	-	377,990	1,416
Construction in Progress	6,278,244	940,338	5,337,906	371,024	569,314
Total Capital Assets Not Being Depreciated	9,356,816	2,715,690	6,641,126	2,144,960	570,730
Capital Assets Being Depreciated (Net of Accumulated Depreciation):					
Land Improvements	1,437	1,500	(63)	2,546	(1,046)
Facilities, Lines & Related Infrastructure	42,700,343	45,131,571	(2,431,228)	46,676,462	(1,544,891)
Donated Developer Lines	3,757,038	3,475,904	281,134	2,794,647	681,257
Vehicles	381,207	404,853	(23,646)	340,549	64,304
Office Furniture and Equipment	32,248	39,915	(7,667)	36,606	3,309
General Equipment	634,580	556,491	78,089	610,323	(53,832)
Safety Equipment	4,115	4,821	(706)	5,776	(955)
Total Capital Assets Being Depreciated (Net)	47,510,968	49,615,055	(2,104,087)	50,466,909	(851,854)
Net Capital Assets	**$ 56,867,784**	**$ 52,330,745**	**$ 4,537,039**	**$ 52,611,869**	**$ (281,124)**

DEBT

The District issues long term debt to finance most of its construction. In prior years, the District would levy special assessments on the benefiting property owners and then obtain Ohio Water Development Authority Loans (OWDA) to assist in financing various water and sewer line projects. The special assessment collections are generally received over a twenty-five-year period and such collections are used to pay the debt service on the OWDA loans. The District also issued OWDA and Ohio Public Works Commission debt to assist in the construction of water and wastewater treatment facilities as well as other infrastructure of the District. The District uses tap fees and capacity fees to assist in paying off these debt issues. The District also has a debt service fee charged to sewer customers to assist in paying off any sewer related debt. Additional information regarding debt can be found in Note H to the Basic Financial Statements.

Table 4	**2021**	**2020**	**Change Amount**	**2019**	**Change Amount**
OWDA Loans	$ 31,961,650	$ 30,495,762	$ 1,465,888	$ 34,085,408	$ (3,589,646)
OPWC Loans	1,684,218	1,769,742	(85,524)	1,835,014	(65,272)
ODOT Loans	136,097	166,341	(30,244)	200,704	(34,363)
Rotary Commission Loans	346,941	346,941	-	346,941	-
Highland Hills Recoupment Agreement	225,835	225,835	-	225,835	-
Total Long Term Debt	34,354,741	33,004,621	1,350,120	36,693,902	(3,689,281)
Less: Current Maturities	2,670,700	3,447,217	(776,517)	4,304,341	(857,124)
Net Total Long Term Debt	$ 31,684,041	$ 29,557,404	$ 2,126,637	$ 32,389,561	$ (2,832,157)

CASH

Cash and cash equivalents on December 31, 2021 and 2020 were $22.8 million and $17.9 million, respectively. $46 thousand of these funds in 2020 and $46 thousand of these funds in 2019 were restricted for specific use. These accounts are for escrowed contractor bonds.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to either Christopher Gilcher, Interim General Manager, or Kathy Killen, Accountant, Southwest Licking Community Water and Sewer District, P.O. Box 215, Etna, Ohio 43018 or (740) 927-0410.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Net Position
As of December 31, 2021 and 2020

	2021	2020
Current Assets:		
Cash and Cash Equivalents	$ 22,754,661	$ 17,820,882
Petty cash	515	515
Accounts receivable - operating billings less allowance for doubtful accounts ($125,000 in 2021 and $110,000 in 2020)	866,290	833,201
Prepaid items	74,268	56,607
Meter inventory	43,138	58,771
Total current assets	23,738,872	18,769,976
Noncurrent assets:		
Restricted Assets:		
Cash in savings-contractor bonds	45,930	45,926
Total restricted assets	45,930	45,926
Capital Assets:		
Non-Depreciable Capital Assets	9,356,816	2,715,689
Depreciable Capital Assets	47,510,968	49,615,056
Total Capital Assets, Net	56,867,784	52,330,745
Other Assets:		
Net OPEB Asset	158,916	-
Assessment receivables-water	4,217,942	4,320,486
Assessment receivables-sewer	2,712,067	2,829,289
Total other assets	7,088,925	7,149,775
Total Assets	$ 87,741,511	$ 78,296,422
Deferred Outflows of Resources		
Pensions	358,552	305,582
OPEB	167,018	194,138
Total Deferred Outflows of Resources	$ 525,570	$ 499,720

(Continued on the following page)

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Net Position - Continued
As of December 31, 2021 and 2020

LIABILITIES	2021	2020
Current Liabilities:		
Accounts payable	$ 213,435	$ 257,615
Deposits payable to developers	550,146	427,789
Contractor bonds payable	82,335	74,335
Contracts payable	3,000	73,418
Project bonds payable	-	180,334
Accrued employee wages	65,900	48,392
Note payable - current portion	2,670,700	3,447,217
Payroll taxes accrued and withheld	105,511	36,713
Compensated absences - current portion	17,293	18,879
Total current liabilities	3,708,320	4,564,692
Long Term Liabilities:		
Compensated absences	228,435	296,273
Net pension liability	1,418,293	1,678,304
Net OPEB Liability	-	1,092,162
Notes and recoupment agreements payable	31,684,041	29,557,404
Total long term liabilities	33,330,769	32,624,143
Total Liabilities	37,039,089	37,188,835
Deferred Inflows of Resources:		
Pension	590,256	341,840
OPEB	485,555	155,497
Unearned special assessments	6,623,909	6,459,418
Total Deferred Inflows of Resources	7,699,720	6,956,755
Net Position:		
Net investment in capital assets	22,646,140	19,419,047
Unrestricted	20,882,132	15,231,505
Total net position	$ 43,528,272	$ 34,650,552

The Notes to the Basic Financial Statements are an integral part of this statement.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Service revenues	$ 8,521,010	$ 8,184,631
Late charges	190,902	197,217
Total operating revenues	8,711,912	8,381,848
OPERATING EXPENSES		
Salaries	1,516,212	1,414,361
Training	6,473	7,909
Medicare tax expense	21,795	19,027
P.E.R.S., pension and OPEB expense	(748,902)	456,376
Workers compensation	18,607	15,824
Operations and testing	27,013	36,992
Chemicals and operating supplies	260,669	230,191
Biosolids processing	74,078	72,750
Refuse	3,974	3,435
Equipment rental	9,338	10,679
Repairs and maintenance	648,358	941,728
Engineering	101,041	25,232
Legal	154,102	159,898
Accounting	12,650	12,650
Board designated expenses	474	87
Audit fees	12,990	13,330
Advertising and communications	1,415	1,460
Insurance:		
General	71,120	63,924
Health	402,986	297,863
Life	2,312	2,640
Telephone	43,160	41,275
Utilities	508,439	470,625
Office supplies	26,412	17,859
Cleaning	9,861	4,950
Postage	35,382	38,712
Real estate taxes	-	189,444
Security	1,049	1,574
Uniform rental	6,300	7,646
Small tools	194	3,978
Vehicle expense	1,557	1,545
Dues and subscriptions	7,750	235
Licenses	46,417	42,121
General manager discretionary	285	260
Purchase of Water	73,763	57,049
Depreciation	3,112,399	3,078,800
Total operating expenses	6,469,673	7,742,429
Operating income	2,242,239	639,419
NON-OPERATING REVENUES (EXPENSES)		
Debt service fee income	1,042,772	1,119,446
Inspection revenue	2,005	3,561
Tap fee income	5,462,594	3,099,681
Capacity fee revenue	175,835	381,695
Interest income	139,974	300,071
Intergovernmental	138,174	205,448
Miscellaneous income	412,066	98,555
Gain on sale of capital assets	6,933	-
Interest expense	(1,202,986)	(1,419,148)
Total non-operating revenues (expenses)	6,177,367	3,789,309
Changes in net position before capital contributions	8,419,606	4,428,728
Capital contributions - special assessments	39,171	126,174
Capital contributions - developers	418,943	799,425
Changes in net position	8,877,720	5,354,327
Net position, beginning of year	34,650,552	29,296,225
Net position, end of year	$ 43,528,272	$ 34,650,552

The Notes to the Basic Financial Statements are an integral part of this statement.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash received from customers	$ 8,678,823	$ 8,420,211
Cash payments to suppliers for goods and services	(2,190,472)	(2,428,796)
Cash payments for employee services and benefits	(2,390,784)	(1,646,934)
Net cash provided by operating activities	4,097,567	4,344,481
Cash Flows from Investing Activities:		
Interest income from savings	5,451	36,194
Cash Flows from Capital and Related Financing Activities:		
Payments for planning and construction, and construction inn progress	(5,802,185)	(1,945,051)
Assessment principal payments received	658,858	745,861
Proceeds from disposal of capital assets	21,693	-
Debt service fees collected	1,042,772	1,119,446
Increase in contractor bonds payable	8,000	8,000
Increase (decrease) in project bonds payable	(180,334)	(224,680)
Increase in developer deposits	122,357	133,777
Purchase of equipment and furniture	(167,618)	(40,251)
Purchase of vehicle	(41,889)	(115,128)
Purchase of land easements	-	(1,416)
Purchase of land	(1,303,220)	-
Construction and other loan proceeds	4,915,853	249,214
Principal repayments on loans	(3,565,733)	(3,938,495)
Interest repayments on loans	(1,064,812)	(1,213,700)
Assessment interest income	134,523	263,877
Inspection, capacity, tap fee and miscellaneous income	6,052,500	3,583,492
Net cash used for capital and related financing activities	830,765	(1,375,054)
Net increase in cash and cash equivalents	4,933,783	3,005,621
Cash and cash equivalents at beginning of year	17,867,323	14,861,702
Cash and cash equivalents at end of year	$ 22,801,106	$ 17,867,323

(Continued on following page)

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Cash Flows - Continued
For the Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 2,242,239	$ 639,419
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	3,112,399	3,078,800
Pension expense adjustments not affecting cash	(64,565)	307,982
OPEB expense adjustments not affecting cash	(1,130,091)	147,989
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(33,089)	38,363
(Increase) in prepaid items	(17,661)	(866)
(Increase) in meter inventory	15,633	4,159
Increase in accounts payable (operating)	(44,180)	25,449
Increase in compensated absences	(69,424)	80,852
Increase in accrued wages, benefits and payroll taxes	86,306	22,334
Total adjustments	1,855,328	3,705,062
Net cash provided by operating activities	$ 4,097,567	$ 4,344,481

Non-cash transactions:

	2021	2020
Acquisition of capital assets through developer donations	$ 418,943	$ 799,425
Intergovernmental revenue - interest subsidy	$ 138,174	$ 205,448
Interest expense - interest subsidy	$ (138,174)	$ (205,448)

The Notes to the Basic Financial Statements are an integral part of this statement.

NOTE A - NATURE OF ORGANIZATION

Southwest Licking Community Water & Sewer District (hereafter referred to as SWLCWSD) was created, during late 1989, by the Court of Common Pleas of Licking County to provide water and sewer services to the residents of Licking County in accordance with the provisions of Section 6119.et.seq of the Revised Code. SWLCWSD is managed by a Board consisting of three (3) appointed trustees.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14), the accompanying financial statements include only the accounts and transactions of the District. Under the criteria specified in these GASB Statements, the District has no component units nor is it considered a component unit of the State of Ohio. The District is considered, however, a political subdivision of the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The District is not financially accountable for any other organizations. This is evidenced by the fact that the District is a legally and fiscally separate and distinct organization. The District is solely responsible for its finances. The District is empowered to issue debt payable solely from District receipts.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if it appoints a voting majority of the organization’s governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization’s resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the District has no component units.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows:

1. **Basis of Presentation - Fund Accounting**
   The accounts of SWLCWSD are organized on the basis of funds, to report on its financial position and the results of its operations, each of which is considered a separate accounting entity. SWLCWSD has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows and inflows of resources, net position, revenues, and expenses. This fund accounts for the resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The fund type, which SWLCWSD uses, is described below:

   Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the SWLCWSD is the Enterprise Fund.

   Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is those costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. **Basis of Accounting**
The accounting records are maintained on the accrual basis of accounting for financial reporting purposes. The proprietary fund is accounted for on a flow of economic resources basis and all assets, liabilities, deferred outflows and deferred inflows of resources associated with the operation are included on the statements of net position.

3. **Budgetary Process**
Annually, the SWLCWSD adopts an operating budget (prepared in accordance with accounting principles generally accepted in the United States of America) which does not include capital acquisition and related depreciation expense.

4. **Revenue Recognition**
Revenues for service fees are recorded in the period the service is provided. Revenues for the tap fees are recorded when the taps have been installed and the customer is using the water and/or sewer services. All other revenue is recognized when earned.

5. **Accounts Receivable**
Accounts receivable are shown at their net realizable value. The water shut-off policy, implemented in full force on January 1, 1995, specifies the details of collections for both water and sewer delinquent accounts. Note that uncollectible sewer account balances are certified to the County Auditor after administrative collection efforts have been exhausted. SWLCWSD has recorded an allowance for doubtful accounts for fiscal years 2021 and 2020. Amounts determined to potentially be uncollectible are set up as an allowance and a corresponding entry to revenues is recorded during the year that the accounts are determined to be potentially uncollectible.

6. **Restricted Assets**
A restricted savings account was established for contractor bonds as discussed in the footnote entitled "CASH IN SAVINGS". These assets are shown as restricted as they cannot be used for general SWLCWSD purposes.

7. **Capital Assets**
Capital assets costs are stated at cost (except see next paragraph referring to donated developer lines) and are depreciated over the estimated useful lives of the assets from 7 years to 50 years depending upon the type of asset. In addition, interest costs incurred during the construction of the water and sewer system are capitalized and included in capital assets. Once construction is complete and a project is operational, depreciation begins on all planning costs, construction costs, and capitalized interest. In prior years, the District capitalized all assets. In more recent years, the District has maintained a capital asset threshold of $1,000.

   Donated developer lines are stated at acquisition value based on developer documentation, and are depreciated over 50 years. Depreciation is computed using the straight-line method for financial reporting purposes. Repairs and maintenance costs are charged to operations when incurred. Improvements and additions are capitalized. The planning costs for proposed projects consist of capitalized interest and the engineering, legal and administrative planning costs, which are not allocated to specific projects currently in construction. If the proposed project begins construction, the respective planning costs will be depreciated. If the proposed project does not enter construction, respective planning costs will be expensed. General administrative, legal, engineering, and other costs, which cannot be directly allocated to specific projects, are proportionately allocated to operations and planning/construction for projects serviced during that time frame.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. **Provision for Income Tax**

SWLCWSD operates as a public water-sewer system exempt from federal income tax under Internal Revenue Code Section 501(c) (1).

10. **Inventory of Materials and Supplies**

Inventories of materials and supplies are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

11. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, SWLCWSD considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposits are reported at cost. In 2021 and 2020, SWLCWSD's investment consisted of a repurchase agreement.

12. **Vacation, Sick Leave and Other Compensated Absences**

The SWLCWSD employees are entitled to certain compensated absences based on their length of employment. Accrued employee benefits include cumulative vested vacation, sick leave, and compensatory hours multiplied by current hourly rates.

13. **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For SWLCWSD, these revenues are service revenues and late charges for water and sewer services provided. Operating expenses are necessary costs incurred to provide the goods and/or service that is the primary activity of the fund.

14. **Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvements of those assets.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The District did not have restricted net position for 2021 or 2020.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District recorded a deferred outflow of resources for pension and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note I and Note J. The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District these amounts consisted of special assessments which are recognized as a receivable; however, they are not recognized as revenue since these properties are in an agricultural deferred status and the revenue cannot be collected until the properties are converted to a non-agricultural use. The District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District this was for pensions and postemployment benefits. (See Note I and Note J)

16. Pensions and Other Postemployment Benefits (OPEB)

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

NOTE C - CASH IN SAVINGS

A separate escrow savings account was established to maintain the contractor bonds' balance due on the construction of the water and sewer lines. The account is a non-interest bearing account; therefore, interest is not due to the contractor. The balance at December 31, 2021 and 2020 was $45,930 and $45,926, respectively and these amounts are not reflected in Note D.

NOTE D - DEPOSITS AND INVESTMENTS

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

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must be evidenced either 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 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.

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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

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

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

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) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only though eligible institutions;

7. The State Treasurer's investment pool (STAROhio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. 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 Federal Deposit Insurance Corporation (FDIC).

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. SWLCWSD's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of December 31, 2021, SWLCWDS's bank balance of $2,155,602 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above. As of December 31, 2020, SWLCWDS's bank balance of $1,039,851 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Investments

As of December 31, 2021 and December 31, 2020, SWLCWSD had the following investments and maturities:

	2021		2020	
	Fair Value	Weighted Average Maturity (Yrs.)	Fair Value	Weighted Average Maturity (Yrs.)
Repurchase Agreements	$ 20,749,728	0	$ 17,032,609	0
Total Fair Value	$ 20,749,728		$ 17,032,609	

Interest rate risk – In accordance with the investment policy, SWLCWSD manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SWLCWSD limits their investments to repurchase agreements.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. SWLCWSD's investment policy allows investments in Repurchase Agreements, Certificates of Deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. SWLCWSD has invested 100% in investments with no weighted maturity.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the SWLCWSD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The SWLCWSD's repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in SWLCWSD's name.

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting.*

NOTE E - INTEREST INCOME

Interest income came from the following sources:

	2021	2020
Interest income from repurchase agreements and savings accounts	$ 5,451	$ 36,194
Interest income from assessments, accrued and collected	134,523	263,877
Total interest income	$ 139,974	$ 300,071

NOTE F – CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2021 was as follows:

	Ending Balance 12/31/20	Additions	Deletions	Ending Balance 12/31/21
Capital Assets, Not Being Depreciated				
Land	$ 1,395,946	$ 1,303,220	$ -	$ 2,699,166
Land Easements	379,406	-	-	379,406
Construction in Progress	940,337	5,337,907	-	6,278,244
Total Capital Assets, Not Being Depreciated	2,715,689	6,641,127	-	9,356,816
Capital Assets Being Depreciated				
Land Improvements	32,000	-	-	32,000
Facilities, Lines & Related Infrastructure	118,341,533	394,621	-	118,736,154
Donated Developer Lines	6,621,719	418,943	-	7,040,662
Vehicles	661,043	41,888	(27,249)	675,682
Office Furniture and Equipment	324,667	-	-	324,667
General Equipment	1,465,434	167,619	-	1,633,053
Safety Equipment	37,442	-	-	37,442
Total Capital Assets, Being Depreciated	127,483,838	1,023,071	(27,249)	128,479,660
Less Accumulated Depreciation:				
Land Improvements	(30,500)	(63)	-	(30,563)
Facilities, Lines & Related Infrastructure	(73,209,962)	(2,828,345)	-	(76,038,307)
Donated Developer Lines	(3,145,815)	(137,810)	-	(3,283,625)
Vehicles	(256,190)	(48,276)	12,489	(291,977)
Office Furniture and Equipment	(284,752)	(7,668)	-	(292,420)
General Equipment	(908,942)	(89,531)	-	(998,473)
Safety Equipment	(32,621)	(706)	-	(33,327)
Total Accumulated Depreciation	(77,868,782)	(3,112,399)	12,489	(80,968,692)
Total Capital Assets Being Depreciated, Net	49,615,056	(2,089,328)	(14,760)	47,510,968
Total Capital Assets	$ 52,330,745	$ 4,551,799	$ (14,760)	$ 56,867,784

NOTE F – CAPITAL ASSETS (Continued)

Capital assets activity for the fiscal year ended December 31, 2020 was as follows:

	Ending Balance 12/31/19	Additions	Deletions	Ending Balance 12/31/20
Capital Assets, Not Being Depreciated				
Land	$ 1,395,946	$ -	$ -	$ 1,395,946
Land Easements	377,990	1,416	-	379,406
Construction in Progress	371,024	1,459,820	(890,507)	940,337
Total Capital Assets, Not Being Depreciated	2,144,960	1,461,236	(890,507)	2,715,689
Capital Assets Being Depreciated				
Land Improvements	32,000	-	-	32,000
Facilities, Lines & Related Infrastructure	117,069,390	1,272,143	-	118,341,533
Donated Developer Lines	5,822,294	799,425	-	6,621,719
Vehicles	545,915	115,128	-	661,043
Office Furniture and Equipment	311,676	12,991	-	324,667
General Equipment	1,438,174	27,260	-	1,465,434
Safety Equipment	37,442	-	-	37,442
Total Capital Assets, Being Depreciated	125,256,891	2,226,947	-	127,483,838
Less Accumulated Depreciation:				
Land Improvements	(29,454)	(1,046)	-	(30,500)
Facilities, Lines & Related Infrastructure	(70,392,928)	(2,817,034)	-	(73,209,962)
Donated Developer Lines	(3,027,647)	(118,168)	-	(3,145,815)
Vehicles	(205,366)	(50,824)	-	(256,190)
Office Furniture and Equipment	(275,070)	(9,682)	-	(284,752)
General Equipment	(827,851)	(81,091)	-	(908,942)
Safety Equipment	(31,666)	(955)	-	(32,621)
Total Accumulated Depreciation	(74,789,982)	(3,078,800)	-	(77,868,782)
Total Capital Assets Being Depreciated, Net	50,466,909	(851,853)	-	49,615,056
Total Capital Assets	$ 52,611,869	$ 609,383	$ (890,507)	$ 52,330,745

NOTE G - ACCOUNTS AND ASSESSMENTS RECEIVABLE

Accounts receivable balances at December 31, 2021 and 2020 for operating billings are as follows:

	2021	2020
Current	$ 805,936	$ 830,051
Over 30 days	45,608	-
Over 60 days	17,741	13,681
Over 90 days	122,005	99,469
Gross Receivables	991,290	943,201
Less: Allowance for Doubtful Accounts	(125,000)	(110,000)
Net Accounts Receivable	$ 866,290	$ 833,201

NOTE G - ACCOUNTS AND ASSESSMENTS RECEIVABLE (Continued)

Assessment accounts receivable are from completed construction projects and the issuance of final assessments to residents to cover those costs. The receivables are guaranteed through property tax billing. Included in the balances at December 31, 2021 and 2020, are deferred agricultural property assessments and the related accrued interest receivable. These amounts will be collected when the properties no longer qualify for agricultural property status, as defined in the Ohio Revised Code Chapter 929, and as certified by the County Auditor. These receivables are not recorded as revenue, but rather are offset by a deferred inflow of resources account that is called unearned special assessments. The time frame of collection is undeterminable. The assessment accounts receivable balances at December 31, 2021 and December 31, 2020 are $6,930,009 and $7,149,775, respectively.

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS

The current and long-term debt listed are planning and construction loans with Ohio Public Works Commission (O.P.W.C.) (Issue II), Ohio Water Development Authority (O.W.D.A.), and the Rotary Commission. In addition, recoupment agreements have been established with one developer for the oversizing portion of donated lines, of which costs are considered the responsibility of SWLCWSD. The recoupment agreements are payable in monthly increments of $2,300 for each tap fee received by SWLCWSD for a customer within the development. The Highland Hills agreement incurs 9.25% interest per annum, calculated monthly on the outstanding balance, and originally was scheduled to be forgiven on August 31, 2001 (even if outstanding debt exists). During 2001, the agreement was extended an additional five years to August 31, 2006. In 2006, the agreement was extended indefinitely.

SWLCWSD has seven (7) interest free loans from the Ohio Public Works Commission. Each loan requires semiannual payments for a term of twenty (20) years. Loan CQ23D for $500,000 was used to assist in the Phase I-A Wastewater Treatment Plant expansion. The loan commenced in 2002 and will mature July 1, 2022. Loan CQ24E is in the amount of $733,000 and was used to assist in the Phase I-B Wastewater Treatment Plant expansion. The loan commenced in 2004 and will mature July 1, 2024. Loan CQ06M for $529,142 was used to finance the York Road/Refugee Road Pump Station Upgrade. The loan commenced in 2010 and will mature January 1, 2031. Loan CQ25N for $39,481 was used to finance the Columbia Road Pump Station Elimination Project, began in 2012 and will mature July 1, 2032. Loan CQ32P for $1,388,390 was used to rehabilitate the Annette/Summit Road Pump Station. The loan commenced in 2014 and will mature July 1, 2044. Loan CQ39Q for $287,375 was used to finance the York Road Wellfield Improvements. The loan commenced in 2016 and will mature January 1, 2036.

SWLCWSD has three (3) loans with the Rotary Commission used to finance construction of water and sewer lines for the Columbia Center, Etna S.R. 40, Ashcraft Acres, Pine Oak Estates, and Indian Hills sewer line projects. The outstanding balances of $106,351; $65,495; and $175,095 will be paid back to the Rotary Commission when properties within each project are taken out of agricultural district status. No payment schedule has been established for these loans.

In 2016, SWLCWSD obtained a SIB loan from the Ohio Department of Transportation (ODOT) which was used to finance infrastructure replacement and repairs of water and sewer lines for the I70/SR310 Interchange project. These costs were determined to be non-capitalizable for reporting purposes. The total amount financed was $263,316.13. Payments of $17,108 are due twice a year in March and September. The loan is scheduled to mature in 2026.

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Long-term debt obligations and the related transactions for the years ended December 31, 2021 and 2020 are summarized below:

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Amount Due Within One Year
OWDA(Direct Borrowing)	$ 30,495,762	$ 4,915,853	$ 3,449,965	$ 31,961,650	$ 2,509,912
OPWC (Direct Borrowing)	1,769,742	-	85,524	1,684,218	130,544
ODOT (Direct Borrowing)	166,341	-	30,244	136,097	30,244
Rotary	346,941	-	-	346,941	-
Highland Hills Recoupment	225,835	-	-	225,835	-
Net Pension Liability	1,678,304	-	260,011	1,418,293 *	-
Net OPEB Liability	1,092,162	-	1,092,162	-	-
Compensated Absences	315,152	-	69,424	245,728	17,293
	$ 36,090,239	$ 4,915,853	$ 4,987,330	$ 36,018,762	$ 2,687,993

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Amount Due Within One Year
OWDA(Direct Borrowing)	$ 34,085,408	$ 236,326	$ 3,825,972	$ 30,495,762	$ 3,351,701
OPWC (Direct Borrowing)	1,835,014	-	65,272	1,769,742	65,272
ODOT (Direct Borrowing)	200,704	12,888	47,251	166,341	30,244
Rotary	346,941	-	-	346,941	-
Highland Hills Recoupment	225,835	-	-	225,835	-
Net Pension Liability	2,295,934	-	617,630	1,678,304	-
Net OPEB Liability	1,017,849	74,313	-	1,092,162	-
Compensated Absences	234,300	80,852	-	315,152	18,879
	$ 40,241,985	$ 404,379	$ 4,556,125	$ 36,090,239	$ 3,466,096

* - The District had a net OPEB asset as of December 31, 2021 in the amount of $158,916, so no liability is shown above.

On February 18, 2016, the District was notified by the Ohio Water Development Authority (OWDA) that they have implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest rate to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due dates and resulted in an interest subsidy in 2020 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated $332,415 of additional interest subsidies through 2034 in the following amounts annually:

2022	$92,969
2023	71,362
2024	50,637
2025	37,015
2026	23,327
2027	16,578
2028	12,097
2029	8,167
2030	6,797
2031	5,490
2032	4,119
2033	2,682
2034	1,175
Total	$332,415

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Loan #	Payable To	Interest Rate	First Payment	Principal Term	Principal Due in 2022	Principal Due after 2022
2095	O.W.D.A.	6.36	1/1/1998	25 yrs.	56,616	-
2096	O.W.D.A.	6.36	1/1/1998	25 yrs.	28,335	-
2099	O.W.D.A.	6.32	7/1/1999	25 yrs.	53,210	56,573
2101	O.W.D.A.	6.11	7/1/1999	25 yrs.	114,680	121,697
2103	O.W.D.A.	6.11	7/1/1999	25 yrs.	83,567	88,677
2174	O.W.D.A.	5.77	1/1/2002	25 yrs.	48,524	193,316
3279	O.W.D.A.	6.41	1/1/2002	25 yrs.	290,500	1,174,024
3682	O.W.D.A.	5.20	7/1/2004	25 yrs.	141,694	1,021,417
3683	O.W.D.A.	5.20	7/1/2004	25 yrs.	41,807	301,372
3756	O.W.D.A.	3.59	1/1/2005	20 yrs.	453,453	711,162
3912	O.W.D.A.	4.28	1/1/2005	25 yrs.	105,354	805,136
3944	O.W.D.A.	4.35	1/1/2005	25 yrs.	21,691	166,212
4314	O.W.D.A.	3.99	7/1/2006	25 yrs.	87,279	837,508
4315	O.W.D.A.	3.99	1/1/2007	25 yrs.	66,328	683,318
4316	O.W.D.A.	3.99	1/1/2007	20 yrs.	46,897	179,531
4437	O.W.D.A.	3.99	7/1/2006	25 yrs.	14,634	140,421
5008	O.W.D.A.	4.79	7/1/2010	25 yrs.	58,635	969,936
5009	O.W.D.A.	4.79	7/1/2010	25 yrs.	53,335	882,273
5392	O.W.D.A.	0.00	7/1/2010	20 yrs.	7,309	51,160
7701	O.W.D.A.	3.14	7/1/2019	25 yrs.	541,070	16,293,484
8158	O.W.D.A.	0.00	7/1/2019	30 yrs.	15,277	216,434
9124	O.W.D.A.	1.69	7/1/2021	25 yrs.	137,047	3,518,568
9125	O.W.D.A.	1.69	7/1/2021	25 yrs.	42,670	1,039,519
CQ23D	O.P.W.C.	0.00	1/1/2003	20 yrs.	17,339	17,339
CQ24E	O.P.W.C.	0.00	1/1/2005	20 yrs.	24,235	60,586
CQ06M	O.P.W.C.	0.00	7/1/2011	20 yrs.	26,457	238,114
CQ25N	O.P.W.C.	0.00	1/1/2013	20 yrs.	1,974	20,727
CQ32P	O.P.W.C.	0.00	7/1/2014	30 yrs.	46,170	1,015,745
CQ39Q	O.P.W.C.	0.00	7/1/2016	20 yrs.	14,369	201,163
Rotary		0.00		20 yrs.	-	106,351
Rotary		0.00		20 yrs.	-	175,095
Rotary		0.00		20 yrs.	-	65,495
Highland Hills Recoupment		9.25		Indefinite	-	225,835
Ohio Department of Transportation		3.00	9/2/2016	10 yrs.	30,244	105,853
Total					$2,670,700	$31,684,041

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Year Ending	OWDA Loans			OPWC Loans		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2022	$ 2,509,912	$ 1,086,572	$ 3,596,484	$ 130,544	$ -	$ 130,544
2023	2,528,070	978,061	3,506,131	104,087	-	104,087
2024	2,107,075	870,079	2,977,154	113,204	-	113,204
2025	1,943,863	787,677	2,731,540	101,087	-	101,087
2026	1,777,114	705,900	2,483,014	88,970		88,970
2027-2031	7,068,682	2,686,842	9,755,524	444,850	-	444,850
2032-2036	5,676,906	1,690,095	7,367,001	332,112	-	332,112
2037-2041	5,796,739	882,238	6,678,977	230,851	-	230,851
2042-2046	2,553,289	116,498	2,669,787	138,513	-	138,513
Total	$ 31,961,650	$ 9,803,962	$ 41,765,612	$ 1,684,218	$ -	$ 1,684,218

Year Ending	ODOT Loan			Total		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2022	$ 30,244	$ -	$ 30,244	$ 2,670,700	$ 1,086,572	$ 3,757,272
2023	30,244	-	30,244	2,662,401	978,061	3,640,462
2024	30,244	-	30,244	2,250,523	870,079	3,120,602
2025	30,243	-	30,243	2,075,193	787,677	2,862,870
2026	15,122	-	15,122	1,881,206	705,900	2,587,106
2027-2031	-	-	-	7,513,532	2,686,842	10,200,374
2032-2036	-	-	-	6,009,018	1,690,095	7,699,113
2037-2041	-	-	-	6,027,590	882,238	6,909,828
2042-2046	-	-	-	2,691,802	116,498	2,808,300
Total	$ 136,097	$ -	$ 136,097	$ 33,781,965	$ 9,803,962	$ 43,585,927

The Highland Hills Recoupment is not shown on the above amortization schedule as there is no fixed repayment schedule for this outstanding loan. The Rotary Loans are also not shown on the above amortization schedule as there is no fixed repayment schedule for these outstanding loans.

In connection with all the OPWC loans the following applies. In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

In connection with the OWDA loans listed above, the District has pledged future customer revenues, net of specified operating expenses, to repay this debt. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The loans are payable, through their final maturities as listed above, solely from net revenues. Total interest and principal remaining to be paid on these loans is $41,765,612 at December 31, 2021 and $40,191,347 at December 31, 2020. For the year ended December 31, 2021 net revenue available, principal and interest paid (net of interest subsidy) and the coverage ratio is as follows: $5,354,638 and $4,514,777, and 1.19, respectively. For the year ended December 31, 2020 net revenue available, principal and interest paid (net of interest subsidy) and the coverage ratio is as follows: $3,718,219 and $5,037,672, and 0.74, respectively. The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the District shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

NOTE I - DEFINED BENEFIT RETIREMENT PLAN

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis in the accompanying financial statements. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on the accrual basis of accounting.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to 01/07/13 or eligible to retire ten years after 01/07/13	Group C Members not in other Groups and members hired on or after 01/07/13
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Local
2021 and 2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 and 2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

The District's contractually required contribution to OPERS was $203,978 for fiscal year 2021 and $180,872 for 2020 respectively, of which the entire amount was paid during 2021 and 2020. Of this amount, $18,394 and $26,746 were reported as a payroll liability for 2021 and 2020, respectively.

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

The net pension liability reported as of December 31, 2021 and December 31, 2020 were measured as of December 31, 2020 and December 31, 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2021 OPERS	2020 OPERS
Proportion of the Net Pension Liability/Asset - Prior Year	0.00849100%	0.00838300%
Proportion of the Net Pension Liability/Asset - Current Year	0.00957800%	0.00849100%
Change in Proportionate Share	0.00108700%	0.00010800%
Proportionate Share of the Net Pension Liability	$ 1,418,293	$ 1,678,304
Pension Expense	$ 139,413	$ 307,982

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

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

At December 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021 OPERS	2020 OPERS
Deferred Outflows of Resources:		
Changes of assumptions	$ -	$ 89,641
Changes in proportion	154,574	35,069
Contributions subsequent to the measurement date	203,978	180,872
Total	$ 358,552	$ 305,582

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 59,328	$ 21,220
Differences between projected and actual investment earnings	530,928	320,620
Total	$ 590,256	$ 341,840

$203,978 and $180,872 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement dates as of December 31, 2021 and 2020, respectively, will be recognized as a reduction of the net pension liability in the years ending December 31, 2022 and 2021, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	OPERS
2022	$ (241,553)
2023	(43,339)
2024	(75,395)
2025	(75,395)
Thereafter	
	$ (435,682)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Actuarial Assumptions - OPERS – Continued

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020 and 2019, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 and 2019, are presented below for the OPERS Traditional Plan.

	2020	2019
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets with the defined benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020 and 2019, these best estimates are summarized in the following table:

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Actuarial Assumptions – OPERS – Continued

Asset Class	2020 Target Allocation	2019 Target Allocation	2020 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	2019 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	25.00 %	1.32 %	1.83 %
Domestic Equities	21.00	19.00	5.64	5.75
Real Estate	10.00	10.00	5.39	5.20
Private Equity	12.00	12.00	10.42	10.70
International Equities	23.00	21.00	7.36	7.66
Other Investments	9.00	13.00	4.75	4.98
Total	100.00 %	100.00 %	5.43 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan and the Combined Plan for the years ended December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following tables presents the District's proportionate share of the net pension liability calculated as of the measurement dates of December 31, 2020 and 2019 using the current period discount rate assumption of 7.2 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

For the year ended December 31, 2021:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's proportionate share of the net pension liability	$2,705,402	$1,418,293	$348,065

For the year ended December 31, 2020:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's proportionate share of the net pension liability	$2,768,066	$1,678,304	$698,639

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

NOTE J - DEFINED BENEFIT OPEB PLANS

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

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The heath care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS’ Annual Comprehensive Financial Report referenced below for additional information.

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021 and 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021 and calendar year 2020. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 and 2020 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2021 and 2020.

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019 and 2018, rolled forward to the measurement dates of December 31, 2020 and 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2021 OPERS	2020 OPERS
Proportion of the Net OPEB Liability/Asset - Prior Year	0.00790700%	0.00780700%
Proportion of the Net OPEB Liability/Asset - Current Year	0.00892000%	0.00790700%
Change in Proportionate Share	0.00101300%	0.00010000%
Proportionate Share of the Net OPEB Liability (Asset)	$ (158,917)	$ 1,092,162
OPEB Expense (Gain)	$ (893,901)	$ 147,989

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021 OPERS	2020 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ -	$ 29
Changes of assumptions	78,125	172,878
Changes in proportion	88,893	21,231
Total	$ 167,018	$ 194,138

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 143,421	$ 99,884
Differences between projected and actual investment earnings	84,641	55,613
Changes of assumptions	257,493	-
Total	$ 485,555	$ 155,497

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability - Continued

There were no deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date since none were made subsequent to the measurement date.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31:	OPERS
2022	$(183,745)
2023	(114,845)
2024	(9,973)
2025	(9,974)
	$(318,537)

Actuarial Assumptions - PERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019 and 2018, rolled forward to the measurement dates of December 31, 2020 and 2019.

NOTE J - DEFINED BENEFIT OPEB PLANS – Continued

***Actuarial Assumptions – PERS* - Continued**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	2020	2019
Wage Inflation	3.25 percent	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:		
Current measurement date	6.00 percent	3.16 percent
Prior measurement date	3.16 percen	3.96 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate:		
Current measurement date	2.00 percent	2.75 percent
Prior measurement date	2.75 percen	3.71 percent
Health Care Cost Trend Rate:		
Current measurement date	8.5 percent, initial	10.5 percent, initial

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020 and 2019, these best estimates are summarized in the following table:

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Actuarial Assumptions – PERS - Continued

Asset Class	2020 Target Allocation	2019 Target Allocation	2020 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	2019 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	36.00 %	1.07 %	1.53 %
Domestic Equities	25.00	21.00	5.64	5.75
Real Estate Investment Trust	7.00	6.00	6.48	5.69
International Equities	25.00	23.00	7.36	7.66
Other Investments	9.00	14.00	4.02	4.90
Total	100.00 %	100.00 %	4.43 %	4.55 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index") for the year ended December 31, 2020. This single discount rate was based on an expected rate of return on the health care investment portfolio of 3.16 percent and a municipal bond rate of 2.75 percent for the year ended December 31, 2019. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The following table presents the District's proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2020, using the single discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
District's proportionate share of the net OPEB asset	($39,516)	($158,917)	($257,074)

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Actuarial Assumptions – PERS - Continued

The following table presents the District's proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2019, using the single discount rate of 3.16 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
District's proportionate share of the net OPEB liability	$1,429,269	$1,092,162	$822,249

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

For the fiscal year ended December 31, 2021:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB asset	($162,790)	($158,917)	($154,584)

For the fiscal year ended December 31, 2020:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	$1,059,933	$1,092,162	$1,123,980

NOTE K - RISK MANAGEMENT

The SWLCWSD is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the years ended December 31, 2021 and 2020 the SWLCWSD contracted for the following insurance coverage:

Property	$45,785,455
General Liability	2,000,000
Public Officials	1,000,000
Commercial Umbrella	5,000,000
Automobile	1,000,000
Employee Benefits Liability/Aggregate	1,000,000/$2,000,000

Vehicle policies include liability coverage for bodily injury and property damage. Worker's compensation benefits are provided through the State Bureau of Workers' Compensation. The SWLCWSD pays all elected officials' bonds. The SWLCWSD has not incurred significant reductions to insurance coverage from coverage in the prior years by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE L - RELATED PARTY TRANSACTIONS

No related party transactions existed at December 31, 2021 and 2020.

NOTE M - CONTINGENT LIABILITIES

During the years ended December 31, 2021 and 2020 SWLCWSD was involved in litigation; however, management does not believe that the effect, if any, on the financial statements would be material.

NOTE N - DEBT SERVICE FEE

The SWLCWSD has a debt service fee to assist in meeting debt service requirement which was $11.95 per month per sewer customer during both 2021 and 2020. The proceeds of the fee are restricted to the payment of sewer debt service. During 2021 and 2020 the SWLCWSD collected $1,042,772 and $1,119,446 in debt service fees and expended approximately $2.4 million in 2021 and $2.7 million in 2020 in principal and interest payments on sewer related debt.

NOTE O - INSPECTION INCOME

Inspection income represents amounts charged to construction costs of projects for inspections performed by SWLCWSD employees. The income offsets operation expenses, including gross wages, payroll taxes, PERS expenses, and mileage.

NOTE P - MISCELLANEOUS INCOME

Miscellaneous income includes water hauling, contractor licenses, and other miscellaneous revenue.

NOTE Q - INTEREST EXPENSE

Interest expense for the water and sewer divisions represents the interest portion of construction loan payments to the Ohio Water Development Authority for water and sewer. Interest expense is detailed in the following schedule:

	2021	2020
OWDA- Water	$ 719,425	$ 875,962
OWDA- Sewer	483,561	543,186
Total interest expense	$ 1,202,986	$ 1,419,148

NOTE R – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The impact on the District's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated.

The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2021, the District did not receive COVID-19 funding. The District did not subgrant funds to other governments and organization nor were funds returned to any granting agency, and no funds were spent on-behalf of other governments. The District also did not receive on-behalf of grants from another government.

NOTE S– SUBSEQUENT EVENTS

On February 10, 2022, the District received notification from Licking County that they had received conditional approval for three separate grants of $750,000 each from the American Rescue Plan Funding for three separate projects. The first project is for the State Route 161 water tank, the second project is for the Summit Road Force Main and the third project is for the Smoke Road pump/lift station.

In April of 2022, the District received written notification from the Ohio Department of Development that they had received approval for a grant for the Pataskala Corporate Park Sanitary Sewer Project in the amount of $4,175,000. This project is administered by the Ohio Department of Development through the Water and Wastewater Infrastructure Program with funding provided by the American Rescue Plan Act.

REQUIRED SUPPLEMENTARY INFORMATION

Southwest Licking Community Water and Sewer District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Eight Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.009578%	0.008491%	0.008383%	0.007997%	0.007681%	0.007504%	0.007460%	0.007460%
District's proportionate share of the net pension liability	$ 1,418,293	$ 1,678,304	$ 2,295,934	$ 1,254,574	$ 1,744,224	$ 1,299,787	$ 899,759	$ 879,437
District's covered payroll	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825	$ 949,142	$ 914,567	$ 850,254
District's proportionate share of the net pension liability as a percentage of its covered payroll	109.78%	140.41%	199.81%	125.94%	175.68%	136.94%	98.38%	103.43%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available.
Amounts presented as of the District's measurement
date which is the prior fiscal year.
See accompanying notes to the required supplementary information.

Southwest Licking Community Water and Sewer District
Required Supplementary Information
Schedule of the District's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 203,978	$ 180,872	$ 167,343	$ 160,872	$ 129,497	$ 119,139	$ 113,897	$ 109,748	$ 110,533	$ 97,602
Contributions in relation to the contractually required contribution	(203,978)	(180,872)	(167,343)	(160,872)	(129,497)	(119,139)	(113,897)	(109,748)	(110,533)	(97,602)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,456,986	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825	$ 949,142	$ 914,567	$ 850,254	$ 976,020
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%

See accompanying notes to the required supplementary information.

Southwest Licking Community Water and Sewer District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)

Ohio Public Employees Retirement System

Last Five Years (1)

	2020	**2019**	**2018**	**2017**	**2016**
District's proportion of the net OPEB liability	0.00892000%	0.00790700%	0.00780700%	0.00746000%	0.00718000%
District's proportionate share of the net OPEB liability (asset)	$ (158,917)	$ 1,092,162	$ 1,017,849	$ 810,101	$ 725,204
District's covered-employee payroll	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-12.30%	91.37%	88.58%	81.32%	73.04%
Plan fiduciary net position as a percentage of the total OPEB liability	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2016 is not available.
Amounts presented as of the District's measurement
date which is the prior fiscal year.
See accompanying notes to the required supplementary information.

Southwest Licking Community Water and Sewer District
Required Supplementary Information
Schedule of the District's OPEB Contributions
Ohio Public Employees Retirement System
Last Six Years (1)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ 9,957	$ 19,857
Contributions in relation to the contractually required contribution	-	-	-	-	(9,957)	(19,857)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	$ 1,456,986	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%

(1) Information prior to 2016 is not available.
See accompanying notes to the required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms:

There were no changes in benefit terms for 2015 through 2017.

For 2018, COLAs provided up to December 31, 2018 will be based upon a simple, 3 percent COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3 percent.

There were no significant changes in benefit terms for 2019 or 2020.

For 2021, in October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

Changes in assumptions:

There were no significant changes in assumptions for 2015 through 2018.

For 2018, the employer contribution rate allocated to pensions increased from 13.00 percent to 14.00 percent.

For 2019, the investment rate of return decreased from 7.5 percent to 7.2 percent.

There were no significant changes in assumptions for 2020 or 2021.

Net OPEB Liability

Changes in benefit terms:

There were no significant changes in benefit terms for 2018-2021.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

***Net OPEB Liability* (Continued)**

Changes in assumptions (Continued)

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

SUPPLEMENTARY INFORMATION

Southwest Licking Community Water and Sewer District

Licking County, Ohio

Schedules of Revenues, Expenses, Non-Operating Revenues (Expenses) and Capital Contributions - Water
For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Service revenues	$ 3,274,118	$ 3,072,457
Late charges	61,901	60,731
TOTAL OPERATING REVENUES	3,336,019	3,133,188
OPERATING EXPENSES		
Salaries	389,591	373,976
Training	1,581	6,972
Medicare tax expense	6,015	5,401
P.E.R.S., pension and OPEB expense	(220,179)	129,586
Workers compensation	5,141	4,552
Operations and testing	10,667	16,212
Chemicals and operating supplies	222,759	197,487
Equipment rental	1,641	2,266
Repairs and maintenance	218,797	241,706
Insurance:		
Health	95,278	90,728
Telephone	19,497	25,123
Utilities	249,670	209,575
Office supplies	2,991	1,824
Uniform rental	2,475	4,149
Small tools	-	962
Licenses	11,631	11,349
Cleaning	1,339	-
Real estate taxes	-	189,444
Security	51	51
Purchase of Water	73,763	57,049
Depreciation	1,123,869	1,102,594
TOTAL OPERATING EXPENSES	$ 2,216,577	$ 2,671,006
NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS		
Capital contributions - special assessments	34,176	97,597
Capital contributions - developers	181,603	405,133
Gain on sale of capital assets	6,933	-
Inspection revenue	640	1,791
Tap fee income	3,302,570	1,748,567
Capacity revenue	91,740	185,358
Interest income	85,645	198,024
Intergovernmental revenue	36,032	60,156
Interest expense	(719,425) x	(875,962)
Miscellaneous income	171,723	17,281
TOTAL NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS	$ 3,191,637	$ 1,837,945

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Revenues, Expenses, Non-Operating
Revenues (Expenses) and Capital Contributions - Wastewater Treatment Plant
For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Service revenues	$ 5,246,892	$ 5,112,174
Late charges	129,001	136,486
TOTAL OPERATING REVENUES	5,375,893	5,248,660
OPERATING EXPENSES		
Salaries	229,000	221,181
Training	2,984	229
Medicare tax expense	3,287	3,221
P.E.R.S., pension and OPEB expense	(113,689)	76,646
Workers compensation	2,753	2,650
Operations and testing	16,346	20,780
Chemicals and operating supplies	17,970	19,084
Equipment rental	682	508
Repairs and maintenance	96,678	189,745
Biosolids Processing	74,078	72,750
Insurance:		
Health	52,700	34,030
Telephone	5,217	4,022
Utilities	174,101	175,417
Refuse	2,917	2,503
Office supplies	936	1,037
Uniform rental	713	19
Small tools	146	59
Dues and subscriptions	-	95
Licenses	6,722	12,196
Cleaning	1,339	-
Security	51	51
Depreciation	910,023	893,429
TOTAL OPERATING EXPENSES	$ 1,484,954	$ 1,729,652
NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS		
Debt service fee income	1,042,772	1,119,446
Capital contributions - special assessments	4,995	28,577
Capital contributions - developers	237,340	394,292
Inspection revenue	1,365	1,770
Tap fee income	2,160,024	1,351,114
Capacity fee revenue	84,095	196,337
Interest income	54,329	102,047
Integovernmental	102,142	145,292
Interest expense	(483,561)	(543,186)
Miscellaneous income	240,343	1,000
TOTAL NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS	$ 3,443,844	$ 2,796,689

Southwest Licking Community Water and Sewer District

Licking County, Ohio

Schedules of Expenses - Collection

For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING EXPENSES		
Salaries	$ 217,430	$ 216,699
Training	742	560
Medicare tax expense	2,769	2,660
P.E.R.S., pension and OPEB expense	(103,437)	63,897
Workers compensation	2,586	2,212
Chemicals and operating supplies	10,988	7,268
Equipment rental	1,131	508
Repairs and maintenance	295,991	476,850
Insurance:		
Health	48,394	18,383
Telephone	3,460	2,454
Utilities	84,668	85,633
Office supplies	401	213
Uniform rental	1,836	2,757
Small Tools	48	2,957
Licenses	174	32
Cleaning	1,339	-
Security	51	51
Depreciation	1,047,628	1,050,407
TOTAL OPERATING EXPENSES	$ 1,616,199	$ 1,933,541

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Administration
For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING EXPENSES		
Salaries	$ 428,821	$ 392,840
Training	1,084	148
Medicare tax expense	6,358	5,308
P.E.R.S., pension and OPEB expense	(192,017)	128,323
Workers compensation	5,288	4,414
Refuse	1,057	932
Equipment rental	5,202	6,889
Repairs and maintenance	22,459	23,572
Engineering	101,041	25,232
Legal	154,102	159,898
Accounting	12,650	12,650
Audit fees	12,990	13,330
Advertising and communications	1,415	1,460
Board designated expenses	474	87
Insurance:		
General	71,120	63,924
Health	129,749	94,587
Life	2,312	2,640
Telephone	10,329	6,441
Office supplies	20,593	14,228
Postage	35,382	38,712
Cleaning	4,505	4,950
Security	845	1,370
Vehicle expense	1,557	1,545
Dues and subscriptions	7,750	140
Licenses	27,890	18,544
Depreciation	9,380	10,622
TOTAL OPERATING EXPENSES	$ 882,336	$ 1,032,786
NON-OPERATING REVENUES		
Miscellaneous Income	-	80,274
TOTAL NON-OPERATING REVENUES	$ -	$ 80,274

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Engineering
For the Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING EXPENSES		
Salaries	$ 251,370	$ 209,665
Training	82	-
Medicare tax expense	3,366	2,437
P.E.R.S., pension and OPEB expense	(119,580)	57,924
Workers compensation	2,839	1,996
Chemicals and operating supplies	8,952	6,352
Equipment Rental	682	508
Repairs and maintenance	14,433	9,855
Insurance:		
Health	76,865	60,135
Telephone	4,657	3,235
Office supplies	1,491	557
Uniform rental	1,276	721
Cleaning	1,339	-
Security	51	51
General manager discretionary	285	260
Depreciation	21,499	21,748
TOTAL OPERATING EXPENSES	$ 269,607	$ 375,444

This discussion and analysis, along with the accompanying financial reports, of Southwest Licking Community Water and Sewer District (SWLCWSD or "the District") is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of SWLCWSD exceeded liabilities and deferred inflows of resources on December 31, 2020 by $34.7 million and on December 31, 2019 by $29.4 million. The District's net position as shown on page 6 increased by $5.4 million (18.2%) in 2020 and increased by $4.9 million (20.0%) in 2019.

The District's operating revenues increased by $366 thousand (4.6%) in 2020 and increased by $283 thousand (3.7%) in 2019. Operating expenses (excluding depreciation and amortization expenses) increased $578 thousand (14.1%) in 2020 and increased $404 thousand (11.0%) in 2019. Depreciation and amortization expense increased by $78 thousand (2.6%) in 2020 and increased by $411 thousand (15.9%) in 2019. The District's non-operating revenues increased by $410 thousand (8.5%) in 2020 and increased by $933 thousand (24.1%) in 2019. The District's non-operating expenses decreased by $281 thousand (16.6%) in 2020 and increased by $305 thousand (21.8%) in 2019.

The District issued $249,214 of additional long-term debt in 2020 and $3,274,910 of additional long-term debt in 2019.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the District's Assets, Liabilities and Deferred Inflows and Outflows of Resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, and obligations owed by the District (liabilities) on December 31. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, special assessments, and other income. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the District's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, capital and non-capital financing activities.

STATEMENTS OF NET POSITION

Table 1 summarizes the net position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets", are capital assets less outstanding debt that was used to acquire those assets.

Table 1	**2020**	**2019**	**Change Amount**	**2018**	**Change Amount**
Current and Other Assets	$ 25,919,751	$ 23,966,941	$ 1,952,810	$ 22,354,973	$ 1,611,968
Restricted Assets	45,926	45,918	8	45,910	8
Capital Assets, Net	52,330,745	52,611,869	(281,124)	52,236,029	375,840
Total Assets	78,296,422	76,624,728	1,671,694	74,636,912	1,987,816
Deferred Outflows of Resources					
Pensions	305,582	739,244	(433,662)	345,443	393,801
OPEB	194,138	115,079	79,059	78,748	36,331
Total Deferred Outflows of Resources	499,720	854,323	(354,603)	424,191	430,132
Long Term Liabilities	32,624,143	35,921,644	(3,297,501)	36,171,942	(250,298)
Current and Other Liabilities	4,564,692	5,388,790	(824,098)	6,994,301	(1,605,511)
Total Liabilities	37,188,835	41,310,434	(4,121,599)	43,166,243	(1,855,809)
Deferred Inflows of Resources					
Unearned Special Assessments	6,459,418	6,728,117	(268,699)	6,787,116	(58,999)
Pensions	341,840	30,762	311,078	301,889	(271,127)
OPEB	155,497	2,762	152,735	60,347	(57,585)
Total Deferred Inflows of Resources	6,956,755	6,761,641	195,114	7,149,352	(387,711)
Net Position					
Net Investment in Capital Assets	19,419,047	16,110,520	3,308,527	11,809,419	4,301,101
Unrestricted	15,231,505	13,296,456	1,935,049	12,936,089	360,367
Total Net Position	$ 34,650,552	$ 29,406,976	$ 5,243,576	$ 24,745,508	$ 4,661,468

The net pension liability (NPL) is a liability reported by the District at December 31, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The postemployment benefits (OPEB) liability is a liability reported by the District at December 31, 2020 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

The District's net position as shown on page 4 increased by $5.2 million (17.8 %) in 2020 and increased by $4.7 million (18.8%) in 2019. It is important to note that beginning net position for 2020 was restated, but the financial information on page 4 was not restated for fiscal years 2019 and 2018.

The increase in 2020 is primarily due to the increase in total assets of approximately $1.7 million and a decrease in total liabilities of approximately $4.1 million. The increase in total assets is mainly due to an increase in cash offset by a decrease in net capital assets and a decrease in special assessments receivable. Cash increased due to cash receipts exceeding cash disbursements primarily due to tap fees in 2020, the OWDA interest subsidy which reduced cash interest payments in 2020, and special assessment collections in 2020. Net capital assets decreased primarily due to current year depreciation which was partially offset by capital asset additions. Assessment receivables decreased due to assessment payments received. The decrease in total liabilities is primarily due to the decrease in notes payable as well as a decrease in net pension liability.

The increase in 2019 is primarily due to the increase in total assets of approximately $2.0 million. The increase in total assets is mainly due to increases in net capital assets and an increase in cash. Cash increased due to cash receipts exceeding cash disbursements primarily due to the OWDA interest subsidy which reduced cash interest payments in 2019, and also due to special assessment collections in 2019. Net capital assets increased primarily due to capital asset additions which was partially offset by current year depreciation. Assessment receivables decreased due to assessment payments received. The decrease in total liabilities is primarily due to the decrease in notes payable as well as decreases in contracts payable and contractor retainage payable.

Unrestricted net position increased by $1.9 million (14.6%) in 2020 and increased by $.4 million (2.8%) in 2019. Unrestricted net assets may be used without constraints established by legal requirements. Cash and cash equivalents increased $3.0 million (20.3%) in 2020 and increased $2.6 million (20.9%) in 2019. It is important to note that beginning net position for 2020 was restated, but the financial information on page 4 was not restated for fiscal years 2019 and 2018.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 2 below summarizes the changes in Revenues and Expenses and Net Position.

Table 2

	2020*	2019	Change	2018	Change
Operating Revenues	$ 8,381,848	$ 8,015,996	$ 365,852	$ 7,733,008	$ 282,988
Operating Expenses					
(Excluding Depreciation)	4,663,629	4,085,145	578,484	3,681,076	404,069
Depreciation	3,078,800	3,001,007	77,793	2,589,555	411,452
Total Operating Expenses	**7,742,429**	**7,086,152**	**656,277**	**6,270,631**	815,521
Operating Income/(Loss)	639,419	929,844	(290,425)	1,462,377	(532,533)
Non-Operating Revenues	5,208,457	4,798,365	410,092	3,865,422	932,943
Non-Operating Expenses	1,419,148	1,700,477	(281,329)	1,395,884	304,593
Capital Contributions	925,599	870,655	54,944	1,225,574	(354,919)
Changes in Net Position	**5,354,327**	**4,898,387**	**455,940**	**5,157,489**	**(259,102)**
Net Position at Beginning of Year	**29,296,225**	**24,508,589**	**4,787,636**	**19,588,319**	**4,920,270**
Net Position at End of Year	**$ 34,650,552**	**$ 29,406,976**	**$ 5,243,576**	**$ 24,745,808**	**$ 4,661,168**

* Net position restated.

Operating revenues increased $366 thousand (4.6%) in 2020. This increase was related to an increase in service revenues received from customers. Non-operating revenues increased $410 thousand (8.5%) in 2020. This increase is primarily due to an increase in tap fee income, capacity fee revenue and debt service fee revenues, offset by a decrease in interest income and in intergovernmental revenue. The decrease in intergovernmental revenue is due to annualized amortization of the interest subsidy program implemented by the Ohio Water Development Authority. OWDA provided reductions in interest required to be paid on loans over a predetermined interest rate and this interest rate reduction is recognized as intergovernmental revenue in the accompanying statements with a corresponding charge to interest expense. The increase in tap fee revenue is the result of ongoing construction activity during 2020. These revenues remain a substantial source of revenues for 2020. There were capital contributions of $925,599 in 2020 (an increase of $54,944 over 2019). The increase was due to donated lines from developers in 2020 which were slightly more than in 2019, and the receipt of deferred special assessment revenue in 2020. Capital contributions will fluctuate from year to year depending on developer construction activity, grants available from the federal and state governments and deferred agricultural special assessments being collected from property converted from agricultural use.

Operating revenues increased $283 thousand (3.7%) in 2019. This increase was related to an increase in service revenues received from customers. Non-operating revenues increased $933 thousand (24.1%) in 2019. This increase is primarily due to an increase in tap fee income, capacity fee revenue and interest income offset by a decrease in debt service fee revenues and in intergovernmental revenue. The decrease in intergovernmental revenue is due to annualized amortization of the interest subsidy program implemented by the Ohio Water Development Authority. OWDA provided reductions in interest required to be paid on loans over a predetermined interest rate and this interest rate reduction is recognized as intergovernmental revenue in the accompanying statements with a corresponding charge to interest expense. The increase in tap fee revenue is the result of ongoing construction activity during 2019. These revenues remain a substantial source of revenues for 2019. There were capital contributions of $870,655 in 2019 (a decrease of $354,919 over 2019). The decrease was due to donated lines from developers in 2019 which were substantially less than in 2019, and the receipt of deferred special assessment revenue in 2019. Capital contributions will fluctuate from year to year depending on developer construction activity, grants available from the federal and state governments and deferred agricultural special assessments being collected from property converted from agricultural use.

Operating expenses, excluding depreciation and amortization, increased $578 thousand (14.1%) in 2020. This increase was primarily due to an increase in salaries and associated payroll taxes, repairs and maintenance expense, insurance expense and utility expense and real estate taxes. This increase was partially offset by a decrease in chemical and operating supplies expense, pension and OPEB expense, and legal expense during 2020. Depreciation and amortization expense increased slightly from 2019. Interest expense decreased because principal balances on loans for which payments were required during 2020 had decreased.

Operating expenses, excluding depreciation and amortization, increased $404 thousand (11.0%) in 2019. This increase was primarily due to an increase in pension/OPEB expense, repairs and maintenance expense and legal expense. This increase was partially offset by a decrease in chemical and operating supplies expense, health insurance and utilities during 2019. Depreciation and amortization expense increased from 2019. Interest expense increased because principal balances on loans for which payments were required during 2019 had increased. OWDA loan balances increased due to construction activity during 2019.

CAPITAL ASSETS

The District had $130.2 million invested in capital assets (before accumulated depreciation of $77.9 million) at the end of 2020. This amount is an increase of $2.8 million (2.2%) from the previous year. Additional information regarding capital assets can be found in Note F to the basic financial statements.

Table 3

	2020	2019	Change Amount	2018	Change Amount
Capital Assets Not Being Depreciated:					
Land	$ 1,395,946	$ 1,395,946	$ -	$ 948,964	$ 446,982
Land Easements	379,406	377,990	1,416	369,990	8,000
Construction in Progress	940,338	371,024	569,314	19,762,778	(19,391,754)
Total Capital Assets Not Being Depreciated	2,715,690	2,144,960	570,730	21,081,732	(18,936,772)
Capital Assets Being Depreciated (Net of Accumulated Depreciation):					
Land Improvements	1,500	2,546	(1,046)	4,575	(2,029)
Facilities, Lines & Related Infrastructure	45,131,571	46,676,462	(1,544,891)	27,612,700	19,063,762
Donated Developer Lines	3,475,904	2,794,647	681,257	2,646,891	147,756
Vehicles	404,853	340,549	64,304	223,051	117,498
Office Furniture and Equipment	39,915	36,606	3,309	30,942	5,664
General Equipment	556,491	610,323	(53,832)	599,538	10,785
Safety Equipment	4,821	5,776	(955)	6,980	(1,204)
Total Capital Assets Being Depreciated (Net)	49,615,055	50,466,909	(851,854)	31,124,677	19,342,232
Net Capital Assets	**$ 52,330,745**	**$ 52,611,869**	**$ (281,124)**	**$ 52,206,409**	**$ 405,460**

DEBT

The District issues long term debt to finance most of its construction. In prior years, the District would levy special assessments on the benefiting property owners and then obtain Ohio Water Development Authority Loans (OWDA) to assist in financing various water and sewer line projects. The special assessment collections are generally received over a twenty-five-year period and such collections are used to pay the debt service on the OWDA loans. The District also issued OWDA and Ohio Public Works Commission debt to assist in the construction of water and wastewater treatment facilities as well as other infrastructure of the District. The District uses tap fees and capacity fees to assist in paying off these debt issues. The District also has a debt service fee charged to sewer customers to assist in paying off any sewer related debt. Additional information regarding debt can be found in Note H to the Basic Financial Statements.

Table 4	2020	2019	Change Amount	2018	Change Amount
OWDA Loans	$ 30,495,762	$ 34,085,408	$ (3,589,646)	$ 36,379,049	$ (2,293,641)
OPWC Loans	1,769,742	1,835,014	(65,272)	1,951,522	(116,508)
ODOT Loans	166,341	200,704	(34,363)	219,044	(18,340)
Rotary Commission Loans	346,941	346,941	-	346,941	-
Highland Hills Recoupment Agreement	225,835	225,835	-	225,835	-
Total Long Term Debt	33,004,621	36,693,902	(3,689,281)	39,122,391	(2,428,489)
Less: Current Maturities	3,447,217	4,304,341	(857,124)	5,018,185	(713,844)
Net Total Long Term Debt	$ 29,557,404	$ 32,389,561	$ (2,832,157)	$ 34,104,206	$ (1,714,645)

CASH

Cash and cash equivalents on December 31, 2020 and 2019 were $17.9 million and $14.9 million, respectively. $46 thousand of these funds in 2020 and $46 thousand of these funds in 2019 were restricted for specific use. These accounts are for escrowed contractor bonds.

OTHER SIGNIFICANT INFORMATION

As described in Note S on page 39 of this report, the United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to either Christopher Gilcher, Interim General Manager, or Kathy Killen, Accountant, Southwest Licking Community Water and Sewer District, P.O. Box 215, Etna, Ohio 43018 or (740) 927-0410.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Net Position
As of December 31, 2020 and 2019

	2020	2019
Current Assets:		
Cash and Cash Equivalents	$ 17,820,882	$ 14,815,269
Petty cash	515	515
Accounts receivable - operating billings less allowance for doubtful accounts ($110,000 in 2020 and $122,000 in 2019)	833,201	871,564
Prepaid items	56,607	55,741
Meter inventory	58,771	62,930
Total current assets	18,769,976	15,806,019
Noncurrent assets:		
Restricted Assets:		
Cash in savings-contractor bonds	45,926	45,918
Total restricted assets	45,926	45,918
Capital Assets:		
Non-Depreciable Capital Assets	2,715,689	2,144,960
Depreciable Capital Assets	49,615,056	50,466,909
Total Capital Assets, Net	52,330,745	52,611,869
Other Assets:		
Assessment receivables-water	4,320,486	4,872,945
Assessment receivables-sewer	2,829,289	3,287,977
Total other assets	7,149,775	8,160,922
Total Assets	$ 78,296,422	$ 76,624,728
Deferred Outflows of Resources		
Pensions	305,582	739,244
OPEB	194,138	115,079
Total Deferred Outflows of Resources	$ 499,720	$ 854,323

(Continued on the following page)

Statements of Net Position - Continued
As of December 31, 2020 and 2019

LIABILITIES	**2020**	**2019**
Current Liabilities:		
Accounts payable	$ 257,615	$ 232,166
Deposits payable to developers	427,789	294,012
Contractor bonds payable	74,335	66,335
Contracts payable	73,418	8,151
Project bonds payable	180,334	405,014
Accrued employee wages	48,392	32,396
Note payable - current portion	3,447,217	4,304,341
Payroll taxes accrued and withheld	36,713	30,375
Compensated absences - current portion	18,879	16,000
Total current liabilities	4,564,692	5,388,790
Long Term Liabilities:		
Compensated absences	296,273	218,300
Net pension liability	1,678,304	2,295,934
Net OPEB liability	1,092,162	1,017,849
Notes and recoupment agreements payable	29,557,404	32,389,561
Total long term liabilities	32,624,143	35,921,644
Total Liabilities	37,188,835	41,310,434
Deferred Inflows of Resources:		
Pension	341,840	30,762
OPEB	155,497	2,762
Unearned special assessments	6,459,418	6,728,117
Total Deferred Inflows of Resources	6,956,755	6,761,641
Net Position:		
Net investment in capital assets	19,419,047	16,110,520
Unrestricted	15,231,505	13,296,456
Total net position	$ 34,650,552	$ 29,406,976

The Notes to the Basic Financial Statements are an integral part of this statement.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Service revenues	$ 8,184,631	$ 7,794,853
Late charges	197,217	221,143
Total operating revenues	8,381,848	8,015,996
OPERATING EXPENSES		
Salaries	1,414,361	1,219,549
Training	7,909	16,866
Medicare tax expense	19,027	17,865
P.E.R.S., pension and OPEB expense	456,376	638,913
Workers compensation	15,824	2,769
Operations and testing	36,992	33,310
Chemicals and operating supplies	230,191	260,692
Biosolids processing	72,750	53,956
Refuse	3,435	5,543
Equipment rental	10,679	5,594
Repairs and maintenance	941,728	725,015
Engineering	25,232	8,211
Legal	159,898	218,684
Accounting	12,650	12,650
Professional fees - software	-	-
Board designated expenses	87	-
Audit fees	13,330	205
Advertising and communications	1,460	597
Insurance:		
General	63,924	58,481
Health	297,863	245,603
Life	2,640	2,150
Telephone	41,275	31,045
Utilities	470,625	406,956
Office supplies	17,859	19,870
Cleaning	4,950	5,941
Postage	38,712	40,567
Real estate taxes	189,444	-
Security	1,574	2,173
Uniform rental	7,646	5,087
Small tools	3,978	1,005
Vehicle expense	1,545	1,745
Collection and bank fees	-	-
Dues and subscriptions	235	-
Licenses	42,121	43,825
General manager discretionary	260	278
Purchase of Water	57,049	-
Depreciation	3,078,800	3,001,007
Total operating expenses	7,742,429	7,086,152
Operating income	639,419	929,844
NON-OPERATING REVENUES (EXPENSES)		
Debt service fee income	1,119,446	1,007,717
Inspection revenue	3,561	2,240
Tap fee income	3,099,681	2,802,018
Capacity fee revenue	381,695	209,535
Interest income	300,071	460,321
Intergovernmental	205,448	300,317
Miscellaneous income	98,555	16,217
Gain on sale of capital assets	-	-
Interest expense	(1,419,148)	(1,700,477)
Total non-operating revenues (expenses)	3,789,309	3,097,888
Changes in net position before capital contributions	4,428,728	4,027,732
Capital contributions - special assessments	126,174	95,505
Capital contributions - intergovernmental	-	516,025
Capital contributions - developers	799,425	259,125
Changes in net position	5,354,327	4,898,387
Net position, beginning of year - Restated	29,296,225	24,508,589
Net position, end of year	$ 34,650,552	$ 29,406,976

The Notes to the Basic Financial Statements are an integral part of this statement.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash received from customers	$ 8,420,211	$ 8,003,912
Cash payments to suppliers for goods and services	(2,428,796)	(1,924,623)
Cash payments for employee services and benefits	(1,646,934)	(1,604,376)
Net cash provided by operating activities	4,344,481	4,474,913
Cash Flows from Investing Activities:		
Interest income from savings	36,194	97,781
Cash Flows from Capital and Related Financing Activities:		
Payments for planning and construction, including capitalized interest	(1,850,182)	(3,925,478)
Assessment principal payments received	745,861	1,021,448
Capital contributions-intergovernmental	-	516,025
Debt service fees collected	1,119,446	1,007,717
Increase in contractor bonds payable	8,000	5,500
Increase (decrease) in project bonds payable	(224,680)	388,002
Increase in developer deposits	133,777	126,900
Purchase of equipment and furniture	(40,251)	(97,603)
Purchase of vehicle	(115,128)	(154,772)
Purchase of land easements	(1,416)	(8,000)
Purchase of land	-	(446,982)
Construction and other loan proceeds	249,214	3,274,910
Principal repayments on loans	(3,938,495)	(5,703,399)
Interest repayments on loans	(1,213,700)	(1,400,159)
Assessment interest income	263,877	362,540
Inspection, capacity, tap fee and miscellaneous income	3,583,492	3,030,010
Net cash used for capital and related financing activities	(1,375,054)	(2,003,341)
Net increase in cash and cash equivalents	3,005,621	2,569,353
Cash and cash equivalents at beginning of year	14,861,702	12,292,349
Cash and cash equivalents at end of year	$ 17,867,323	$ 14,861,702

(Continued on following page)

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Cash Flows - Continued
For the Years Ended December 31, 2020 and 2019

		2020		2019
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	$	639,419	$	929,844
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and amortization		3,078,800		3,001,007
Pension expense adjustments not affecting cash		307,982		376,432
OPEB expense adjustments not affecting cash		147,989		113,832
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable		38,363		(12,084)
(Increase) in prepaid items		(866)		(6,332)
(Increase) in meter inventory		4,159		(27,024)
Increase in accounts payable (operating)		25,449		67,029
Increase in compensated absences		80,852		21,755
Increase in accrued wages, benefits and payroll taxes		22,334		10,454
Total adjustments		3,705,062		3,545,069
Net cash provided by operating activities	$	4,344,481	$	4,474,913

Non-cash transactions:

Acquisition of capital assets through developer donations	$	799,425	$	259,125
Intergovernmental revenue - interest subsidy	$	205,448	$	300,318
Interest expense - interest subsidy	$	(205,448)	$	(300,318)

The Notes to the Basic Financial Statements are an integral part of this statement.

NOTE A - NATURE OF ORGANIZATION

Southwest Licking Community Water & Sewer District (hereafter referred to as SWLCWSD) was created, during late 1989, by the Court of Common Pleas of Licking County to provide water and sewer services to the residents of Licking County in accordance with the provisions of Section 6119.et.seq of the Revised Code. SWLCWSD is managed by a Board consisting of three (3) appointed trustees.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and GASB Statement No. 39, Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14), the accompanying financial statements include only the accounts and transactions of the District. Under the criteria specified in these GASB Statements, the District has no component units nor is it considered a component unit of the State of Ohio. The District is considered, however, a political subdivision of the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The District is not financially accountable for any other organizations. This is evidenced by the fact that the District is a legally and fiscally separate and distinct organization. The District is solely responsible for its finances. The District is empowered to issue debt payable solely from District receipts.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the District has no component units.

The District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. A summary of the significant accounting policies consistently applied in preparation of the accompanying financial statements follows:

1. **Basis of Presentation - Fund Accounting**
   The accounts of SWLCWSD are organized on the basis of funds, to report on its financial position and the results of its operations, each of which is considered a separate accounting entity. SWLCWSD has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows and inflows of resources, net position, revenues, and expenses. This fund accounts for the resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The fund type, which SWLCWSD uses, is described below:

   Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the SWLCWSD is the Enterprise Fund.

   Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is those costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. **Basis of Accounting**
The accounting records are maintained on the accrual basis of accounting for financial reporting purposes. The proprietary fund is accounted for on a flow of economic resources basis and all assets, liabilities, deferred outflows and deferred inflows of resources associated with the operation are included on the statements of net position.

3. **Budgetary Process**
Annually, the SWLCWSD adopts an operating budget (prepared in accordance with accounting principles generally accepted in the United States of America) which does not include capital acquisition and related depreciation expense.

4. **Revenue Recognition**
Revenues for service fees are recorded in the period the service is provided. Revenues for the tap fees are recorded when the taps have been installed and the customer is using the water and/or sewer services. All other revenue is recognized when earned.

5. **Accounts Receivable**
Accounts receivable are shown at their net realizable value. The water shut-off policy, implemented in full force on January 1, 1995, specifies the details of collections for both water and sewer delinquent accounts. Note that uncollectible sewer account balances are certified to the County Auditor after administrative collection efforts have been exhausted. SWLCWSD has recorded an allowance for doubtful accounts for fiscal years 2020 and 2019. Amounts determined to potentially be uncollectible are set up as an allowance and a corresponding entry to revenues is recorded during the year that the accounts are determined to be potentially uncollectible.

6. **Restricted Assets**
A restricted savings account was established for contractor bonds as discussed in the footnote entitled "CASH IN SAVINGS". These assets are shown as restricted as they cannot be used for general SWLCWSD purposes.

7. **Capital Assets**
Capital assets costs are stated at cost (except see next paragraph referring to donated developer lines) and are depreciated over the estimated useful lives of the assets from 7 years to 50 years depending upon the type of asset. In addition, interest costs incurred during the construction of the water and sewer system are capitalized and included in capital assets. Once construction is complete and a project is operational, depreciation begins on all planning costs, construction costs, and capitalized interest. In prior years, the District capitalized all assets. In more recent years, the District has maintained a capital asset threshold of $1,000.

   Donated developer lines are stated at acquisition value based on developer documentation, and are depreciated over 50 years. Depreciation is computed using the straight-line method for financial reporting purposes. Repairs and maintenance costs are charged to operations when incurred. Improvements and additions are capitalized. The planning costs for proposed projects consist of capitalized interest and the engineering, legal and administrative planning costs, which are not allocated to specific projects currently in construction. If the proposed project begins construction, the respective planning costs will be depreciated. If the proposed project does not enter construction, respective planning costs will be expensed. General administrative, legal, engineering, and other costs, which cannot be directly allocated to specific projects, are proportionately allocated to operations and planning/construction for projects serviced during that time frame.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. **Provision for Income Tax**

SWLCWSD operates as a public water-sewer system exempt from federal income tax under Internal Revenue Code Section 501(c) (1).

10. **Inventory of Materials and Supplies**

Inventories of materials and supplies are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

11. **Cash and Cash Equivalents**

For purposes of the statement of cash flows, SWLCWSD considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposits are reported at cost. In 2020 and 2019, SWLCWSD's investment consisted of a repurchase agreement.

12. **Vacation, Sick Leave and Other Compensated Absences**

The SWLCWSD employees are entitled to certain compensated absences based on their length of employment. Accrued employee benefits include cumulative vested vacation, sick leave, and compensatory hours multiplied by current hourly rates.

13. **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For SWLCWSD, these revenues are service revenues and late charges for water and sewer services provided. Operating expenses are necessary costs incurred to provide the goods and/or service that is the primary activity of the fund.

14. **Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisition, construction or improvements of those assets.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The District did not have restricted net position for 2020 or 2019.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. **Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District recorded a deferred outflow of resources for pension and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note I and Note J. The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District these amounts consisted of special assessments which are recognized as a receivable; however, they are not recognized as revenue since these properties are in an agricultural deferred status and the revenue cannot be collected until the properties are converted to a non-agricultural use. The District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District this was for pensions and postemployment benefits. (See Note I and Note J)

16. **Pensions and Other Postemployment Benefits (OPEB)**

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

NOTE C - CASH IN SAVINGS

A separate escrow savings account was established to maintain the contractor bonds' balance due on the construction of the water and sewer lines. The account is a non-interest bearing account; therefore, interest is not due to the contractor. The balance at December 31, 2020 and 2019 was $45,926 and $45,918, respectively and these amounts are not reflected in Note D.

NOTE D - DEPOSITS AND INVESTMENTS

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

Inactive deposits are public deposits that the Board of Trustees has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must be evidenced either 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 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.

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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

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

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

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) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only though eligible institutions;

7. The State Treasurer's investment pool (STAROhio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. 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 Federal Deposit Insurance Corporation (FDIC).

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. SWLCWSD's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of December 31, 2020, SWLCWDS's bank balance of $1,039,851 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above. As of December 31, 2019, SWLCWDS's bank balance of $1,026,826 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Investments

As of December 31, 2020 and December 31, 2019, SWLCWSD had the following investments and maturities:

	2020		2019	
	Fair Value	Weighted Average Maturity (Yrs.)	Fair Value	Weighted Average Maturity (Yrs.)
Repurchase Agreements	$ 17,032,609	0	$ 14,040,859	0
Total Fair Value	$ 17,032,609		$ 14,040,859	

Interest rate risk – In accordance with the investment policy, SWLCWSD manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. SWLCWSD limits their investments to repurchase agreements.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. SWLCWSD's investment policy allows investments in Repurchase Agreements, Certificates of Deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. SWLCWSD has invested 100% in investments with no weighted maturity.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the SWLCWSD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The SWLCWSD's repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in SWLCWSD's name.

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting.*

NOTE E - INTEREST INCOME

Interest income came from the following sources:

	2020	2019
Interest income from repurchase agreements and savings accounts	$ 36,194	$ 97,781
Interest income from assessments, accrued and collected	263,877	362,540
Total interest income	$ 300,071	$ 460,321

NOTE F – CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2020 was as follows:

	Ending Balance 12/31/19	Additions	Deletions	Ending Balance 12/31/20
Capital Assets, Not Being Depreciated				
Land	$ 1,395,946	$ -	$ -	$ 1,395,946
Land Easements	377,990	1,416	-	379,406
Construction in Progress	371,024	1,459,820	(890,507)	940,337
Total Capital Assets, Not Being Depreciated	2,144,960	1,461,236	(890,507)	2,715,689
Capital Assets Being Depreciated				
Land Improvements	32,000	-	-	32,000
Facilities, Lines & Related Infrastructure	117,069,390	1,272,143	-	118,341,533
Donated Developer Lines	5,822,294	799,425	-	6,621,719
Vehicles	545,915	115,128	-	661,043
Office Furniture and Equipment	311,676	12,991	-	324,667
General Equipment	1,438,174	27,260	-	1,465,434
Safety Equipment	37,442	-	-	37,442
Total Capital Assets, Being Depreciated	125,256,891	2,226,947	-	127,483,838
Less Accumulated Depreciation:				
Land Improvements	(29,454)	(1,046)	-	(30,500)
Facilities, Lines & Related Infrastructure	(70,392,928)	(2,817,034)	-	(73,209,962)
Donated Developer Lines	(3,027,647)	(118,168)	-	(3,145,815)
Vehicles	(205,366)	(50,824)	-	(256,190)
Office Furniture and Equipment	(275,070)	(9,682)	-	(284,752)
General Equipment	(827,851)	(81,091)	-	(908,942)
Safety Equipment	(31,666)	(955)	-	(32,621)
Total Accumulated Depreciation	(74,789,982)	(3,078,800)	-	(77,868,782)
Total Capital Assets Being Depreciated, Net	50,466,909	(851,853)	-	49,615,056
Total Capital Assets	$ 52,611,869	$ 609,383	$ (890,507)	$ 52,330,745

NOTE F – CAPITAL ASSETS (Continued)

Capital assets activity for the fiscal year ended December 31, 2019 was as follows:

	Ending Balance 12/31/18	Additions	Deletions	Ending Balance 12/31/19
Capital Assets, Not Being Depreciated				
Land	$ 948,964	$ 446,982	$ -	$ 1,395,946
Land Easements	369,990	8,000	-	377,990
Construction in Progress	19,762,778	2,322,177	(21,713,931)	371,024
Total Capital Assets, Not Being Depreciated	21,081,732	2,777,159	(21,713,931)	2,144,960
Capital Assets Being Depreciated				
Land Improvements	32,000	-	-	32,000
Facilities, Lines & Related Infrastructure	95,237,650	21,831,740	-	117,069,390
Donated Developer Lines	5,563,169	259,125	-	5,822,294
Vehicles	391,143	154,772	-	545,915
Office Furniture and Equipment	299,679	11,997	-	311,676
General Equipment	1,352,568	85,606	-	1,438,174
Safety Equipment	37,442	-	-	37,442
Total Capital Assets, Being Depreciated	102,913,651	22,343,240	-	125,256,891
Less Accumulated Depreciation:				
Land Improvements	(27,425)	(2,029)	-	(29,454)
Facilities, Lines & Related Infrastructure	(67,624,950)	(2,767,978)	-	(70,392,928)
Donated Developer Lines	(2,916,278)	(111,369)	-	(3,027,647)
Vehicles	(168,092)	(37,274)	-	(205,366)
Office Furniture and Equipment	(268,737)	(6,333)	-	(275,070)
General Equipment	(753,030)	(74,821)	-	(827,851)
Safety Equipment	(30,462)	(1,204)	-	(31,666)
Total Accumulated Depreciation	(71,788,974)	(3,001,008)	-	(74,789,982)
Total Capital Assets Being Depreciated, Net	31,124,677	19,342,232	-	50,466,909
Total Capital Assets	$ 52,206,409	$ 22,119,391	$(21,713,931)	$ 52,611,869

NOTE G - ACCOUNTS AND ASSESSMENTS RECEIVABLE

Accounts receivable balances at December 31, 2020 and 2019 for operating billings are as follows:

	2020	2019
Current	$ 830,051	$ 871,213
Over 30 days	-	-
Over 60 days	13,681	12,291
Over 90 days	99,469	110,060
Gross Receivables	943,201	993,564
Less: Allowance for Doubtful Accounts	(110,000)	(122,000)
Net Accounts Receivable	$ 833,201	$ 871,564

NOTE G - ACCOUNTS AND ASSESSMENTS RECEIVABLE (Continued)

Assessment accounts receivable are from completed construction projects and the issuance of final assessments to residents to cover those costs. The receivables are guaranteed through property tax billing. Included in the balances at December 31, 2020 and 2019, are deferred agricultural property assessments and the related accrued interest receivable. These amounts will be collected when the properties no longer qualify for agricultural property status, as defined in the Ohio Revised Code Chapter 929, and as certified by the County Auditor. These receivables are not recorded as revenue, but rather are offset by a deferred inflow of resources account that is called unearned special assessments. The time frame of collection is undeterminable. The assessment accounts receivable balances at December 31, 2020 and December 31, 2019 are $7,149,775 and $8,160,922, respectively.

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS

The current and long-term debt listed are planning and construction loans with Ohio Public Works Commission (O.P.W.C.) (Issue II), Ohio Water Development Authority (O.W.D.A.), and the Rotary Commission. In addition, recoupment agreements have been established with one developer for the oversizing portion of donated lines, of which costs are considered the responsibility of SWLCWSD. The recoupment agreements are payable in monthly increments of $2,300 for each tap fee received by SWLCWSD for a customer within the development. The Highland Hills agreement incurs 9.25% interest per annum, calculated monthly on the outstanding balance, and originally was scheduled to be forgiven on August 31, 2001 (even if outstanding debt exists). During 2001, the agreement was extended an additional five years to August 31, 2006. In 2006, the agreement was extended indefinitely.

SWLCWSD has seven (7) interest free loans from the Ohio Public Works Commission. Each loan requires semiannual payments for a term of twenty (20) years. Loan CQ23D for $500,000 was used to assist in the Phase I-A Wastewater Treatment Plant expansion. The loan commenced in 2002 and will mature July 1, 2022. Loan CQ24E is in the amount of $733,000 and was used to assist in the Phase I-B Wastewater Treatment Plant expansion. The loan commenced in 2004 and will mature July 1, 2024. Loan CQ06M for $529,142 was used to finance the York Road/Refugee Road Pump Station Upgrade. The loan commenced in 2010 and will mature January 1, 2031. Loan CQ25N for $39,481 was used to finance the Columbia Road Pump Station Elimination Project, began in 2012 and will mature July 1, 2032. Loan CQ32P for $1,388,390 was used to rehabilitate the Annette/Summit Road Pump Station. The loan commenced in 2014 and will mature July 1, 2044. Loan CQ39Q for $287,375 was used to finance the York Road Wellfield Improvements. The loan commenced in 2016 and will mature January 1, 2036. Loan CQ36R commenced in 2019 and will mature in twenty years. The loan was used to reimburse the Ohio Department of Transportation for work performed at Taylor Road. As of December 31, 2020 the loan remained listed as pending with OPWC and had a balance of $20,252.

SWLCWSD has three (3) loans with the Rotary Commission used to finance construction of water and sewer lines for the Columbia Center, Etna S.R. 40, Ashcraft Acres, Pine Oak Estates, and Indian Hills sewer line projects. The outstanding balances of $106,351; $65,495; and $175,095 will be paid back to the Rotary Commission when properties within each project are taken out of agricultural district status. No payment schedule has been established for these loans.

In 2016, SWLCWSD obtained a SIB loan from the Ohio Department of Transportation (ODOT) which was used to finance infrastructure replacement and repairs of water and sewer lines for the I70/SR310 Interchange project. These costs were determined to be non-capitalizable for reporting purposes. The total amount financed was $263,316.13. Payments of $17,108 are due twice a year in March and September. The loan is scheduled to mature in 2026.

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Long-term debt obligations and the related transactions for the years ended December 31, 2020 and 2019 are summarized below:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Amount Due Within One Year
OWDA(Direct Borrowing)	$ 34,085,408	$ 236,326	$ 3,825,972	$ 30,495,762	$ 3,351,701
OPWC (Direct Borrowing)	1,835,014	-	65,272	1,769,742	65,272
ODOT (Direct Borrowing)	200,704	12,888	47,251	166,341	30,244
Rotary	346,941	-	-	346,941	-
Highland Hills Recoupment	225,835	-	-	225,835	-
Net Pension Liability	2,295,934	-	617,630	1,678,304	-
Net OPEB Liability	1,017,849	74,313	-	1,092,162	-
Compensated Absences	234,300	80,852	-	315,152	18,879
	$ 40,241,985	$ 404,379	$ 4,556,125	$ 36,090,239	$ 3,466,096

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Amount Due Within One Year
OWDA(Direct Borrowing)	$ 36,379,049	$ 3,246,438	$ 5,540,079	$ 34,085,408	$ 4,210,661
OPWC (Direct Borrowing)	1,951,522	20,252	136,760	1,835,014	65,274
ODOT (Direct Borrowing)	219,044	8,220	26,560	200,704	28,406
Rotary	346,941	-	-	346,941	-
Highland Hills Recoupment	225,835	-	-	225,835	-
Net Pension Liability	1,254,574	1,041,360	-	2,295,934	-
Net OPEB Liability	810,101	207,748	-	1,017,849	-
Compensated Absences	212,545	21,755	-	234,300	16,000
	$ 41,399,611	$ 4,545,773	$ 5,703,399	$ 40,241,985	$ 4,320,341

On February 18, 2016, the District was notified by the Ohio Water Development Authority (OWDA) that they have implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest rate to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due dates and resulted in an interest subsidy in 2020 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated $475,724 of additional interest subsidies through 2034 in the following amounts annually:

2021	143,309
2022	92,969
2023	71,362
2024	50,637
2025	37,015
2026	23,327
2027	16,578
2028	12,097
2029	8,167
2030	6,797
2031	5,490
2032	4,119
2033	2,682
2034	1,175
Total	$475,724

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Loan #	Payable To	Interest Rate	First Payment	Principal Term	Principal Due in 2021	Principal Due after 2021
2093	O.W.D.A.	6.87	7/1/1997	25 yrs.	356,729	-
2094	O.W.D.A.	6.87	7/1/1997	25 yrs.	371,199	-
2095	O.W.D.A.	6.36	1/1/1998	25 yrs.	109,847	56,616
2096	O.W.D.A.	6.36	1/1/1998	25 yrs.	54,974	28,335
2099	O.W.D.A.	6.32	7/1/1999	25 yrs.	50,047	109,783
2101	O.W.D.A.	6.11	7/1/1999	25 yrs.	108,077	236,378
2103	O.W.D.A.	6.11	7/1/1999	25 yrs.	78,755	172,244
2174	O.W.D.A.	5.77	1/1/2002	25 yrs.	45,841	241,840
2956	O.W.D.A.	6.64	1/1/1997	25 yrs.	7,264	-
2957	O.W.D.A.	6.64	1/1/1997	25 yrs.	23,845	-
2969	O.W.D.A.	6.72	1/1/1997	25 yrs.	43,824	-
2970	O.W.D.A.	6.72	1/1/1997	25 yrs.	170,467	-
2971	O.W.D.A.	6.36	1/1/1997	25 yrs.	15,573	-
3279	O.W.D.A.	6.41	1/1/2002	25 yrs.	272,737	1,464,524
3682	O.W.D.A.	5.20	7/1/2004	25 yrs.	134,604	1,163,111
3683	O.W.D.A.	5.20	7/1/2004	25 yrs.	39,715	343,179
3756	O.W.D.A.	3.59	1/1/2005	20 yrs.	437,602	1,164,615
3912	O.W.D.A.	4.28	1/1/2005	25 yrs.	100,985	910,490
3944	O.W.D.A.	4.35	1/1/2005	25 yrs.	20,778	187,903
4314	O.W.D.A.	3.99	7/1/2006	25 yrs.	83,898	924,788
4315	O.W.D.A.	3.99	1/1/2007	25 yrs.	63,758	749,646
4316	O.W.D.A.	3.99	1/1/2007	20 yrs.	45,081	226,428
4437	O.W.D.A.	3.99	7/1/2006	25 yrs.	14,067	155,055
5008	O.W.D.A.	4.79	7/1/2010	25 yrs.	55,924	1,028,571
5009	O.W.D.A.	4.79	7/1/2010	25 yrs.	50,870	935,609
5392	O.W.D.A.	0.00	7/1/2010	20 yrs.	7,309	58,468
7701	O.W.D.A.	3.14	7/1/2019	25 yrs.	553,507	16,754,766
8158	O.W.D.A.	0.00	7/1/2019	30 yrs.	15,277	231,712
9124	O.W.D.A.	1.69	7/1/2021	25 yrs.	14,601	-
9125	O.W.D.A.	1.69	7/1/2021	25 yrs.	4,546	-
Subtotal					$ 3,351,701	$ 27,144,061

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Loan #	Payable To	Interest Rate	First Payment	Principal Term	Principal Due in 2021	Principal Due after 2021
CQ23D	O.P.W.C.	0.00	1/1/2003	20 yrs.	$ 8,670	$ 34,679
CQ24E	O.P.W.C.	0.00	1/1/2005	20 yrs.	12,117	84,821
CQ06M	O.P.W.C.	0.00	7/1/2011	20 yrs.	13,229	264,571
CQ25N	O.P.W.C.	0.00	1/1/2013	20 yrs.	987	22,701
CQ32P	O.P.W.C.	0.00	7/1/2014	30 yrs.	23,085	1,061,915
CQ39Q	O.P.W.C.	0.00	7/1/2016	20 yrs.	7,184	215,531
CQ36R	O.P.W.C.	0.00	2/7/2019	20 yrs.	-	20,252
Rotary		0.00		20 yrs.	-	106,351
Rotary		0.00		20 yrs.	-	175,095
Rotary		0.00		20 yrs.	-	65,495
Highland Hills Recoupment		9.25		Indefinite	-	225,835
Ohio Department of Transportation		3.00	9/2/2016	10 yrs.	30,244	136,097
Subtotal for this page					95,516	2,413,343
Subtotal from previous page					3,351,701	27,144,061
Total					$ 3,447,217	$ 29,557,404

NOTE H - CURRENT AND LONG-TERM DEBT – PLANNING AND CONSTRUCTION LOANS (Continued)

Year Ending	OWDA Loans			OPWC Loans		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2021	$ 3,351,701	$ 1,167,738	$ 4,519,439	$ 65,272	$ -	$ 65,272
2022	2,332,721	993,939	3,326,660	130,544	-	130,544
2023	2,347,921	888,385	3,236,306	130,544	-	130,544
2024	1,923,920	783,409	2,707,329	113,204	-	113,204
2025	1,757,652	704,063	2,461,715	101,087	-	101,087
2026-2030	6,708,369	2,577,962	9,286,331	444,850	-	444,850
2031-2035	4,693,228	1,577,172	6,270,400	334,087	-	334,087
2036-2040	4,496,625	848,507	5,345,132	245,220	-	245,220
2041-2043	2,883,625	154,410	3,038,035	204,934	-	204,934
Total	$ 30,495,762	$ 9,695,585	$ 40,191,347	$ 1,769,742	$ -	$ 1,769,742

Year Ending	ODOT Loan			Total		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2021	$ 30,244	$ -	$ 30,244	$ 3,447,217	$ 1,167,738	$ 4,614,955
2022	30,244	-	30,244	2,493,509	993,939	3,487,448
2023	30,244	-	30,244	2,508,709	888,385	3,397,094
2024	30,244	-	30,244	2,067,368	783,409	2,850,777
2025	30,243	-	30,243	1,888,982	704,063	2,593,045
2026-2030	15,122	-	15,122	7,168,341	2,577,962	9,746,303
2031-2035	-	-	-	5,027,315	1,577,172	6,604,487
2036-2040	-	-	-	4,741,845	848,507	5,590,352
2041-2043	-	-	-	3,088,559	154,410	3,242,969
Total	$ 166,341	$ -	$ 166,341	$ 32,431,845	$ 9,695,585	$ 42,127,430

The Highland Hills Recoupment is not shown on the above amortization schedule as there is no fixed repayment schedule for this outstanding loan. The Rotary Loans are also not shown on the above amortization schedule as there is no fixed repayment schedule for these outstanding loans.

OPWC loan #CQ36R is not included in the above amortization schedule as the loan is still open as of December 31, 2020. In connection with all the OPWC loans the following applies. In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

In connection with the OWDA loans listed above, the District has pledged future customer revenues, net of specified operating expenses, to repay this debt. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The loans are payable, through their final maturities as listed above, solely from net revenues. Total interest and principal remaining to be paid on these loans is $40,191,347 at December 31, 2020 and $19,644,489 at December 31, 2019. For the year ended December 31, 2020 net revenue available, principal and interest paid (net of interest subsidy) and the coverage ratio is as follows: $3,718,219 and $5,037,672, and 0.74, respectively. For the year ended December 31, 2019 net revenue available, principal and interest paid (net of interest subsidy) and the coverage ratio is as follows: $3,930,851 and $6,940,238, and 0.57, respectively. The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the District shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

NOTE I - DEFINED BENEFIT RETIREMENT PLAN

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis in the accompanying financial statements. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on the accrual basis of accounting.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. District to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investmenst/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to 01/07/13 or eligible to retire ten years after 01/07/13	**Group C** Members not in other Groups and members hired on or after 01/07/13
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

The District's contractually required contribution to OPERS was $180,872 for fiscal year 2020 and $167,343 for 2019 respectively, of which the entire amount was paid during 2020 and 2019. Of this amount $26,746 and $22,991 were reported as a payroll liability for 2020 and 2019, respectively.

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

The net pension liability reported as of December 31, 2020 was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2020 OPERS	2018 OPERS
Proportion of the Net Pension Liability/Asset - Prior Year	0.00838300%	0.00799700%
Proportion of the Net Pension Liability/Asset - Current Year	0.00849100%	0.00838300%
Change in Proportionate Share	0.00010800%	0.00038600%
Proportionate Share of the Net Pension Liability	$ 1,678,304	$ 2,295,934
Pension Expense	$ 307,982	$ 543,775

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

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

At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020 OPERS	2019 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ -	$ 106
Differences between projected and actual investment earnings	-	311,623
Changes of assumptions	89,641	199,867
Changes in proportion	35,069	60,305
Contributions subsequent to the measurement date	180,872	167,343
Total	$ 305,582	$ 739,244

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 21,220	$ 30,146
Differences between projected and actual investment earnings	320,620	-
Changes in proportion	-	616
Total	$ 341,840	$ 30,762

$180,872 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending December 31:	OPERS
2021	$ (14,433)
2022	(107,474)
2023	(13,863)
2024	(132,932)
Thereafter	51,572
	$ (217,130)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Actuarial Assumptions - OPERS – Continued

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 the 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Actuarial Assumptions – OPERS – Continued

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
District's proportionate share of the net pension liability	$2,768,066	$1,678,304	$698,639

Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

NOTE J - DEFINED BENEFIT OPEB PLANS

See Note I for a description of the net OPEB liability.

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2020 is 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2020.

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2020 OPERS	2019 OPERS
Proportion of the Net OPEB Liability/Asset - Prior Year	0.00780700%	0.00746000%
Proportion of the Net OPEB Liability/Asset - Current Year	0.00790700%	0.00780700%
Change in Proportionate Share	0.00010000%	0.00034700%
Proportionate Share of the Net OPEB Liability	$ 1,092,162	$ 1,017,849
OPEB Expense	$ 147,989	$ 113,832

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020 OPERS	2019 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ 29	$ 345
Differences between projected and actual investment earnings	-	46,662
Changes of assumptions	172,878	32,816
Changes in proportion	21,231	35,256
Total	$ 194,138	$ 115,079

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 99,884	$ 2,762
Differences between projected and actual investment earnings	$ 55,613	$ -
Total	$ 155,497	$ 2,762

NOTE J - DEFINED BENEFIT OPEB PLANS – Continued

Net Other Post Employment Benefit (OPEB) Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability - Continued

There were no deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date since none were made subsequent to the measurement date.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31:	OPERS
2021	$ 45,775
2022	16,585
2023	44
2024	(23,763)
	$ 38,641

Actuarial Assumptions - PERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.50 percent, ultimate in 2030
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Actuarial Assumptions – PERS - Continued

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
District's proportionate share of the net OPEB liability	$1,429,269	$1,092,162	$822,249

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	$1,059,933	$1,092,162	$1,123,980

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE K - RISK MANAGEMENT

The SWLCWSD is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the years ended December 31, 2020 and 2019 the SWLCWSD contracted for the following insurance coverage:

Property	$43,649,637
General Liability	2,000,000
Public Officials	1,000,000
Commercial Umbrella	5,000,000
Automobile	1,000,000
Employee Benefits Liability/Aggregate	1,000,000/$2,000,000

Vehicle policies include liability coverage for bodily injury and property damage. Worker's compensation benefits are provided through the State Bureau of Workers' Compensation. The SWLCWSD pays all elected officials' bonds. The SWLCWSD has not incurred significant reductions to insurance coverage from coverage in the prior years by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE L - RELATED PARTY TRANSACTIONS

No related party transactions existed at December 31, 2020 and 2019.

NOTE M - CONTINGENT LIABILITIES

During the years ended December 31, 2020 and 2019 SWLCWSD was involved in litigation; however, management does not believe that the effect, if any, on the financial statements would be material.

NOTE N - DEBT SERVICE FEE

The SWLCWSD has a debt service fee to assist in meeting debt service requirement which was $11.95 per month per sewer customer during both 2020 and 2019. The proceeds of the fee are restricted to the payment of sewer debt service. During 2020 and 2019 the SWLCWSD collected $1,119,446 and $1,007,717 in debt service fees and expended approximately $2.7 million in 2020 and $3.7 million in 2019 in principal and interest payments on sewer related debt.

NOTE O - INSPECTION INCOME

Inspection income represents amounts charged to construction costs of projects for inspections performed by SWLCWSD employees. The income offsets operation expenses, including gross wages, payroll taxes, PERS expenses, and mileage.

NOTE P - MISCELLANEOUS INCOME

Miscellaneous income includes water hauling, contractor licenses, and other miscellaneous revenue.

NOTE Q - INTEREST EXPENSE

Interest expense for the water and sewer divisions represents the interest portion of construction loan payments to the Ohio Water Development Authority for water and sewer. Interest expense is detailed in the following schedule:

	2020	2019
OWDA- Water	$ 841,599	$ 984,002
OWDA- Sewer	543,186	716,475
Total interest expense	$ 1,384,785	$ 1,700,477

NOTE R –PRIOR PERIOD ADJUSTMENTS

The District determined that there was an error in reporting special assessments receivable as of January 1, 2020 and made the following adjustment to beginning net position. No adjustments were made to prior year comparative financial statements.

Net position as reported as of December 31, 2019	$29,406,976
Adjustment to correct special assessment balances	(110,751)
Restated net position as of January 1, 2020	$29,296,225

NOTE S – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The investment portfolio of the District's pension and OPEB plans will fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Southwest Licking Community Water and Sewer District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System

Last Seven Years (1)

	2019	2018	2017	2016	2015	2014	2013
Total plan pension liability	$ 110,887,288,085	$ 108,264,577,647	$ 102,273,912,351	$ 99,817,932,954	$ 91,534,580,978	$ 89,017,348,266	$ 86,407,229,435
Plan net position	91,121,609,718	80,876,605,054	86,585,851,024	77,109,633,485	74,213,320,352	76,956,230,642	74,618,532,269
Net pension liability	$ 19,765,678,367	$ 27,387,972,593	$ 15,688,061,327	$ 22,708,299,469	$ 17,321,260,626	$ 12,061,117,624	$ 11,788,697,166
District's proportion of the net pension liability	0.008491%	0.008383%	0.007997%	0.007681%	0.007504%	0.007460%	0.007460%
District's proportionate share of the net pension liability	$ 1,678,304	$ 2,295,934	$ 1,254,574	$ 1,744,224	$ 1,299,787	$ 899,759	$ 879,437
District's covered payroll	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825	$ 949,142	$ 914,567	$ 850,254
District's proportionate share of the net pension liability as a percentage of its covered payroll	140.41%	199.81%	125.94%	175.68%	136.94%	98.38%	103.43%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%	81.10%	86.50%	86.40%

(1) Information prior to 2013 is not available.
Amounts presented as of the District's measurement date which is the prior fiscal year.

Southwest Licking Community Water and Sewer District
Required Supplementary Information
Schedule of the District's Pension Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 180,872	$ 167,343	$ 160,872	$ 129,497	$ 119,139	$ 113,897	$ 109,748	$ 110,533	$ 97,602	$ 139,928
Contributions in relation to the contractually required contribution	(180,872)	(167,343)	(160,872)	(129,497)	(119,139)	(113,897)	(109,748)	(110,533)	(97,602)	(139,928)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825	$ 949,142	$ 914,567	$ 850,254	$ 976,020	$ 1,399,280
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

Southwest Licking Community Water and Sewer District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net OPEB Liability

Ohio Public Employees Retirement System

Last Four Years (1)

	2019	2018	2017	2016
Total plan OPEB liability	$ 26,459,655,619	$ 24,290,625,123	$ 23,678,097,060	$ 21,980,827,536
Plan net position	12,647,057,751	11,252,985,702	12,818,833,665	11,880,487,863
Net OPEB liability	13,812,597,868	13,037,639,421	10,859,263,395	10,100,339,673
District's proportion of the net OPEB liability	0.00790700%	0.00780700%	0.00746000%	0.00718000%
District's proportionate share of the net OPEB liability	$ 1,092,162	$ 1,017,849	$ 810,101	$ 725,204
District's covered-employee payroll	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	91.37%	88.58%	81.32%	73.04%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2016 is not available.
Amounts presented as of the District's measurement date which is the prior fiscal year.

Southwest Licking Community Water and Sewer District
Required Supplementary Information
Schedule of the District's OPEB Contributions
Ohio Public Employees Retirement System
Last Five Years (1)

	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ 9,957	$ 19,857
Contributions in relation to the contractually required contribution	-	-	-	(9,957)	(19,857)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	1.00%	2.00%

(1) Information prior to 2016 is not available.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10..%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

SUPPLEMENTARY INFORMATION

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Revenues, Expenses, Non-Operating Revenues (Expenses) and Capital Contributions - Water
For the Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Service revenues	$ 3,072,457	$ 2,757,234
Late charges	60,731	64,899
TOTAL OPERATING REVENUES	3,133,188	2,822,133
OPERATING EXPENSES		
Salaries	373,976	290,516
Training	6,972	4,583
Medicare tax expense	5,401	4,385
P.E.R.S., pension and OPEB expense	129,586	156,871
Workers compensation	4,552	912
Operations and testing	16,212	14,300
Chemicals and operating supplies	197,487	230,117
Equipment rental	2,266	1,417
Repairs and maintenance	241,706	252,831
Insurance:		
Health	90,728	81,017
Telephone	25,123	13,486
Utilities	209,575	170,315
Office supplies	1,824	3,632
Uniform rental	4,149	2,124
Small tools	962	440
Licenses	11,349	11,508
Real estate taxes	189,444	-
Security	51	43
Purchase of Water	57,049	-
Depreciation	1,102,594	1,046,191
TOTAL OPERATING EXPENSES	$ 2,671,006	$ 2,284,688
NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS		
Capital contributions - special assessments	97,597	71,412
Capital contributions - intergovernmental	-	426,802
Capital contributions - developers	405,133	88,050
Inspection revenue	1,791	480
Tap fee income	1,748,567	1,479,713
Capacity revenue	185,358	99,555
Interest income	198,024	122,241
Intergovernmental revenue	60,156	97,584
Interest expense	(875,962)	(984,002)
Miscellaneous income	17,281	12,917
TOTAL NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS	$ 1,837,945	$ 1,414,752

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Revenues, Expenses, Non-Operating
Revenues (Expenses) and Capital Contributions - Wastewater Treatment Plant
For the Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Service revenues	$ 5,112,174	$ 5,037,619
Late charges	136,486	156,244
TOTAL OPERATING REVENUES	5,248,660	5,193,863
OPERATING EXPENSES		
Salaries	221,181	205,636
Training	229	6,411
Medicare tax expense	3,221	2,988
P.E.R.S., pension and OPEB expense	76,646	107,958
Workers compensation	2,650	364
Operations and testing	20,780	19,010
Chemicals and operating supplies	19,084	12,911
Equipment rental	508	657
Repairs and maintenance	189,745	155,480
Biosolids Processing	72,750	53,956
Insurance:		
Health	34,030	30,253
Telephone	4,022	3,966
Utilities	175,417	158,571
Refuse	2,503	4,593
Office supplies	1,037	918
Uniform rental	19	762
Small tools	59	237
Dues and subscriptions	95	-
Licenses	12,196	6,549
Cleaning	-	1,361
Security	51	43
Depreciation	893,429	888,643
Capital Oulay	-	-
TOTAL OPERATING EXPENSES	$ 1,729,652	$ 1,661,267
NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS		
Debt service fee income	1,119,446	1,007,717
Capital contributions - special assessments	28,577	24,093
Capital contributions - intergovernmental	-	89,223
Capital contributions - developers	394,292	171,075
Inspection revenue	1,770	1,760
Tap fee income	1,351,114	1,322,305
Capacity fee revenue	196,337	109,980
Interest income	102,047	338,080
Integovernmental	145,292	202,733
Interest expense	(543,186)	(716,475)
Miscellaneous income	1,000	3,300
TOTAL NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS	$ 2,796,689	$ 2,553,791

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Collection
For the Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING EXPENSES		
Salaries	$ 216,699	$ 175,121
Training	560	5,723
Medicare tax expense	2,660	2,555
P.E.R.S., pension and OPEB expense	63,897	86,667
Workers compensation	2,212	392
Chemicals and operating supplies	7,268	9,911
Equipment rental	508	458
Repairs and maintenance	476,850	291,506
Insurance:		
Health	18,383	11,304
Telephone	2,454	2,450
Utilities	85,633	78,070
Office supplies	213	81
Uniform rental	2,757	1,285
Small Tools	2,957	328
Licenses	32	718
Cleaning	-	1,238
Security	51	43
Depreciation	1,050,407	1,037,917
TOTAL OPERATING EXPENSES	$ 1,933,541	$ 1,705,767

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Administration
For the Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING EXPENSES		
Salaries	$ 392,840	$ 370,691
Training	148	149
Medicare tax expense	5,308	5,422
P.E.R.S., pension and OPEB expense	128,323	198,959
Workers compensation	4,414	993
Refuse	932	950
Equipment rental	6,889	2,604
Repairs and maintenance	23,572	20,436
Engineering	25,232	8,211
Legal	159,898	218,684
Accounting	12,650	12,650
Audit fees	13,330	205
Advertising and communications	1,460	597
Board designated expenses	87	-
Insurance:		
General	63,924	58,481
Health	94,587	71,839
Life	2,640	2,150
Telephone	6,441	8,395
Office supplies	14,228	14,824
Uniform rental	-	190
Postage	38,712	40,567
Cleaning	4,950	2,104
Security	1,370	2,002
Vehicle expense	1,545	1,745
Dues and subscriptions	140	-
Licenses	18,544	25,050
Depreciation	10,622	8,029
TOTAL OPERATING EXPENSES	$ 1,032,786	$ 1,075,927
NON-OPERATING REVENUES		
Miscellaneous Income	80,274	-
TOTAL NON-OPERATING REVENUES	$ 80,274	$ -

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Engineering
For the Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING EXPENSES		
Salaries	$ 209,665	$ 177,585
Medicare tax expense	2,437	2,515
P.E.R.S., pension and OPEB expense	57,924	88,458
Workers compensation	1,996	108
Chemicals and operating supplies	6,352	7,753
Equipment Rental	508	458
Repairs and maintenance	9,855	4,762
Insurance:		
Health	60,135	51,190
Telephone	3,235	2,748
Office supplies	557	415
Uniform rental	721	726
Cleaning	-	1,238
Security	51	42
General manager discretionary	260	278
Depreciation	21,748	20,227
TOTAL OPERATING EXPENSES	$ 375,444	$ 358,503

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

Southwest Licking Community Water and Sewer District
Licking County
P.O. Box 215
Etna, Ohio 43018

To the Board of Trustees:

We have audited, 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, the financial statements of the Southwest Licking Community Water and Sewer District, Licking County, (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 20, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

September 20, 2022

OHIO AUDITOR OF STATE
KEITH FABER

SOUTHWEST LICKING COMMUNITY WATER AND SEWER DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 11/10/2022

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