

# ***SOUTHWEST LICKING***



## ***LOCAL SCHOOL DISTRICT***

# ***Annual Financial Report***

***For Fiscal Year Ended  
June 30, 2021***

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



# RICHARD D. JONES

Treasurer  
Southwest Licking Local School District  
rdjones@laca.org

March 10, 2023

To the Citizens and Taxpayers of the Southwest Licking Local School District:

As the Treasurer/CFO of the Southwest Licking Local School District (the “District”), it is a pleasure to present the Annual Financial Report (the “AFR”) issued by the District. The AFR for the fiscal year ended June 30, 2021, contains a brief summary and explanation of the District’s general fund revenues and expenditures, as well as other relevant financial trends that will impact the District. The District’s financial statements have been audited by Auditor of State’s office.

The AFR is issued as a means of communicating complex financial and statistical information to the District’s citizens and other interested parties in a format that is easier to read and user friendly. The AFR is unaudited and presented on a cash basis of accounting. The AFR does not include all of the District’s funds and full disclosure of all material financial plus non-financial events in the notes to the basic financial statements are not presented. The AFR is available on the District’s web site at <http://www.swl.k12.oh.us/TreasurersDepartment.aspx>.

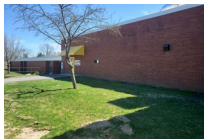
The District appreciates the continued support of the residents of the District and hope that you find the AFR informative and helpful in gaining an understanding of the District’s finances.

Sincerely,

*Richard D. Jones*  
Richard D. Jones  
Treasurer

# PROFILE OF THE DISTRICT

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Early Learning Center  
927-B South Street  
Pataskala, OH 43062



Etna Elementary  
8500 Columbia Road  
Pataskala, OH 43062



Kirkersville Elementary  
215 North Fifth Street  
Kirkersville OH 43033



Pataskala Elementary  
395 South High Street  
Pataskala, OH 43033



Watkins Intermediate School  
2020 Warrior Way  
Pataskala, OH 43062



Watkins Middle School  
8868 Watkins Rd, S.W.  
Pataskala, OH 43062



Watkins Memorial High School  
1954 Warrior Way  
Pataskala, OH 43062

The District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and federal guidelines. The five member Board of Education serves as the taxing authority, contracting body, and policy maker of the District. The Board of Education adopts the annual operating budget and approves all expenditures of the District.

The District was established in 1953 through the consolidation of existing land areas and the Etna, Kirkersville and Pataskala school districts. The District serves an area of approximately 65 square miles. The District is located approximately eighteen miles east of Columbus, the state capital, in Licking County, and includes the City of Pataskala, the Village of Kirkersville and portions of Etna, Harrison, St. Albans, and Union Townships in Licking County and Liberty Township in Fairfield County. The District is staffed by 199 classified personnel and 285 certificated full-time personnel who provide services to 4,733 students and other community members. The District operates one high school (grades 9-12), one middle school (grades 6-8), one intermediate school (grades 4-5), three elementary schools (grades K-3), one early learning center (Pre-K), one administrative building and one support service building.

The District provides a full range of traditional and non-traditional educational programs and services. These include regular instruction, special education instructional programs for handicapped and gifted students; and a broad range of co-curricular and extracurricular activities.

The District acts as fiscal agent for state funds provided by the State of Ohio to Liberty Christian Academy. Monies received and disbursed for this school is reflected in a special revenue fund in Other Governmental for financial reporting purposes.

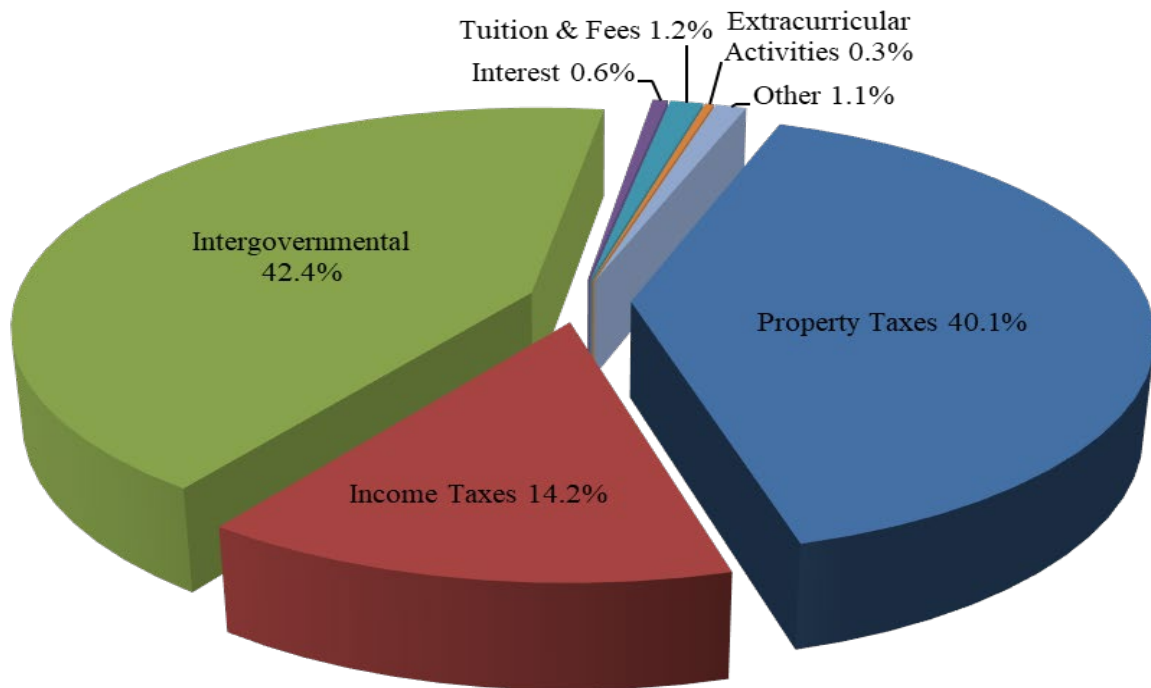
The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. The Treasurer is the chief financial officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities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

# FINANCIAL

## STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE GENERAL FUND FOR THE FISCAL YEARS ENDED JUNE 30

	Fiscal Year			
	2018	2019	2020	2021
<b>Receipts:</b>				
Property Taxes	\$ 16,047,339	\$ 16,783,337	\$ 17,454,679	\$ 19,253,296
Income Taxes	\$ 5,916,921	\$ 6,313,700	\$ 6,718,362	\$ 6,829,009
Payments in Lieu of Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	\$ 19,035,951	\$ 20,063,846	\$ 19,474,470	\$ 20,347,002
Charges for Services	\$ 12,270	\$ 13,915	\$ 15,184	\$ 78,910
Interest	\$ 336,739	\$ 544,245	\$ 618,590	\$ 264,554
Tuition & Fees	\$ 780,776	\$ 667,292	\$ 649,173	\$ 574,259
Extracurricular Activities	\$ 161,085	\$ 177,563	\$ 119,289	\$ 150,111
Other	\$ 264,212	\$ 328,341	\$ 311,028	\$ 537,271
<b>Total Receipts</b>	<b>\$ 42,555,293</b>	<b>\$ 44,892,239</b>	<b>\$ 45,360,775</b>	<b>\$ 48,034,412</b>
<b>Disbursements:</b>				
Instruction:				
Regular	\$ 15,835,285	\$ 16,310,897	\$ 17,257,809	\$ 18,410,182
Special	\$ 5,463,135	\$ 6,304,385	\$ 7,090,878	\$ 7,295,497
Vocational	\$ 288,926	\$ 440,556	\$ 504,888	\$ 534,262
Other	\$ 1,726,503	\$ 1,641,738	\$ 1,830,680	\$ 2,000,833
Support Services:				
Pupils	\$ 2,197,382	\$ 2,343,999	\$ 2,600,164	\$ 2,782,767
Instructional Staff	\$ 1,260,251	\$ 1,266,206	\$ 1,264,598	\$ 1,270,422
Board of Education	\$ 91,690	\$ 100,457	\$ 96,221	\$ 122,665
Administration	\$ 3,369,693	\$ 3,497,590	\$ 3,620,301	\$ 3,546,394
Fiscal Services	\$ 896,711	\$ 981,516	\$ 976,355	\$ 1,005,136
Business Operations	\$ 61,065	\$ 77,089	\$ 53,481	\$ 31,573
Operation and Maintenance of Plant	\$ 2,862,934	\$ 2,917,114	\$ 2,837,278	\$ 2,988,623
Pupil Transportation	\$ 2,908,486	\$ 3,085,411	\$ 3,175,280	\$ 3,305,447
Central	\$ 458,605	\$ 373,261	\$ 376,197	\$ 348,618
Non-instructional Services	\$ 9,814	\$ 8,753	\$ 7,025	\$ 143,030
Extracurricular Activities	\$ 815,259	\$ 741,743	\$ 672,365	\$ 687,710
Capital Outlay	\$ 1,636,376	\$ 95,474	\$ 48,521	\$ 61,763
<b>Total Disbursements</b>	<b>\$ 39,882,115</b>	<b>\$ 40,186,189</b>	<b>\$ 42,412,041</b>	<b>\$ 44,534,922</b>
Excess (Deficiency) of Receipts Over (Under) Disbursements	\$ 2,673,178	\$ 4,706,050	\$ 2,948,734	\$ 3,499,490
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources (Uses)	\$ 29,455	\$ 18,399	\$ 130,974	\$ 18,412
Proceeds from Sale of Assets	\$ 10,000	\$ 12,683	\$ -	\$ 18,874
Advances/Transfers Out	\$ (2,410,000)	\$ -	\$ -	\$ (66,575)
<b>Total Other Financing Sources (Uses):</b>	<b>\$ (2,370,545)</b>	<b>\$ 31,082</b>	<b>\$ 130,974</b>	<b>\$ (29,289)</b>
Excess (Deficiency) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ 302,633	\$ 4,737,132	\$ 3,079,708	\$ 3,470,201
Fund Balance Beginning of Year	\$ 16,053,752	\$ 16,356,385	\$ 21,093,517	\$ 24,173,225
<b>Fund Balance End of Year</b>	<b>\$ 16,356,385</b>	<b>\$ 21,093,517</b>	<b>\$ 24,173,225</b>	<b>\$ 27,643,426</b>

# Breakdown of General Fund Revenues June 30, 2021



**REVENUE TYPE DEFINITIONS: (Three Largest Sources)**

*Income Taxes – The voters approved a .75% income tax for a continuing period of time on May 8, 1990. The income tax is assessed against wages, salaries, tips, interest, dividends, unemployment, compensation, self employment, pensions, annuities, etc... If the income is included in your adjusted gross income of your federal income tax return, the income is subject to the income tax.*

*Intergovernmental – Consist of homestead and rollback reimbursement, and the school foundation programs from the State of Ohio.*

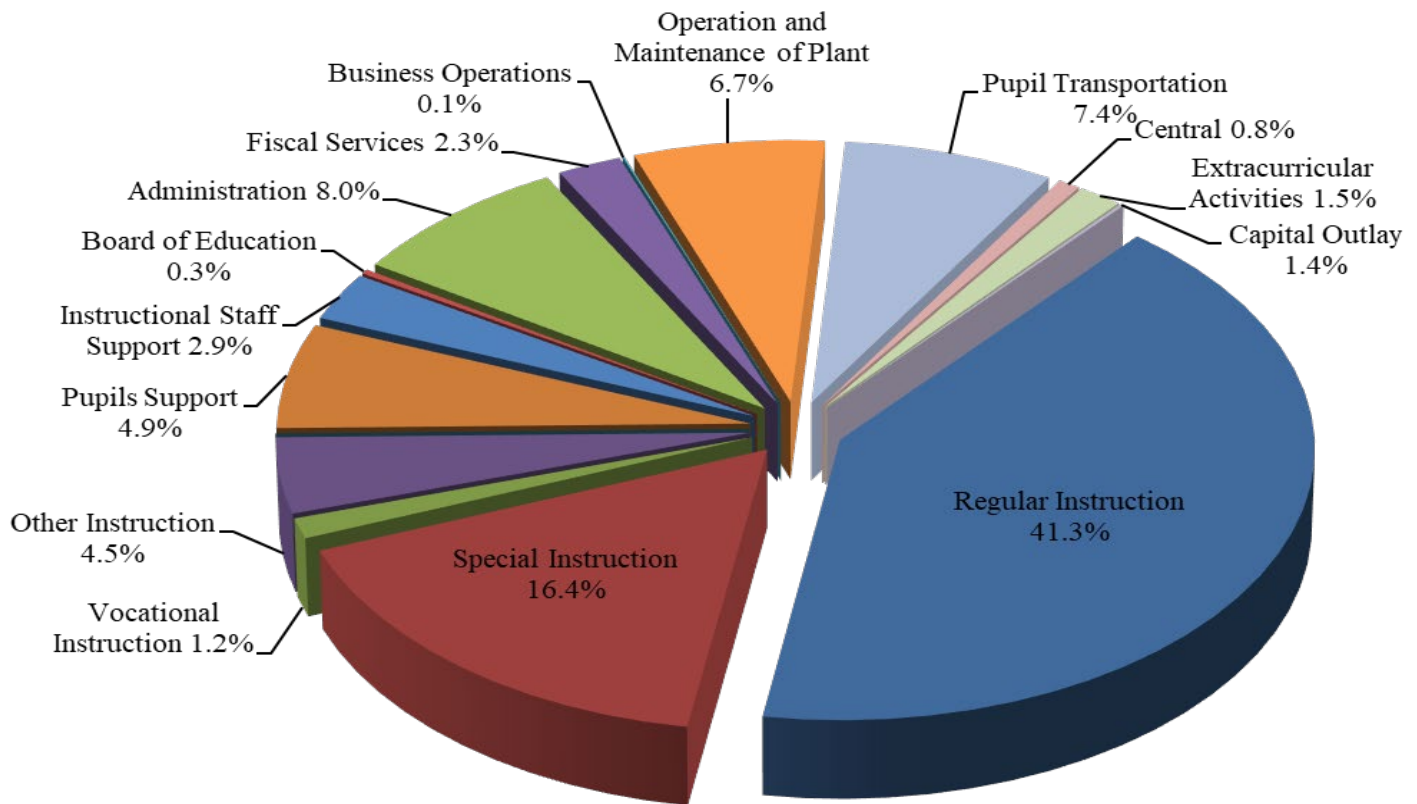
*Homestead – A real estate property tax reduction given to qualified elderly and disabled homeowners. The state reimburses the District for the tax revenue loss.*

*Rollback – A 10% reduction to each taxpayer’s real estate property tax bill. An additional 2.5% reduction is granted to taxpayer’s who live in the house which they own. The state reimburses the District for the tax revenue loss.*

*School Foundation Program – Refers to a financial system that typically guarantees a certain level of expenditures of basic aid for each student together with a minimum tax rate that each school district must levy for education purposes. The difference between what a local school district raises at the minimum tax rate and the foundation expenditure level is made up in state aid.*

*Property Taxes – Property taxes are broken down into two categories: real estate and tangible personal. Real estate property taxes are assessed upon all land and buildings located within the school district. Tangible personal property taxes are assessed on the value of public utilities located within the school district and are only paid by businesses.*

## Breakdown of General Fund Expenditures June 30, 2021



### **EXPENDITURES TYPE DEFINITIONS: (Three Largest Categories)**

*Instruction (Regular, Special, Vocational and Other) – is the largest expenditures category. These expenditures most directly impact students in the classroom. These expenditures include not only teachers, classroom aides and regular classroom costs, but also those cost associated with special education, vocational education and other instruction. These expenditures include salaries, benefits, purchased services, supplies and equipment used on a daily basis.*

*Support Services (Instructional Staff and Pupil Support) – This category also has a large impact on students through the services of hearing, guidance, occupational therapy, physical therapy, psychological, speech and library. These expenditures include salaries, benefits, purchased services, supplies and equipment.*

*Administration – This category represent the administrative operations of the District. Included in this category are district office and school building administrators, secretarial support, and other district wide administrative services. These expenditures include salaries, benefits, purchased services, supplies and equipment.*

### **FUND DEFINITION:**

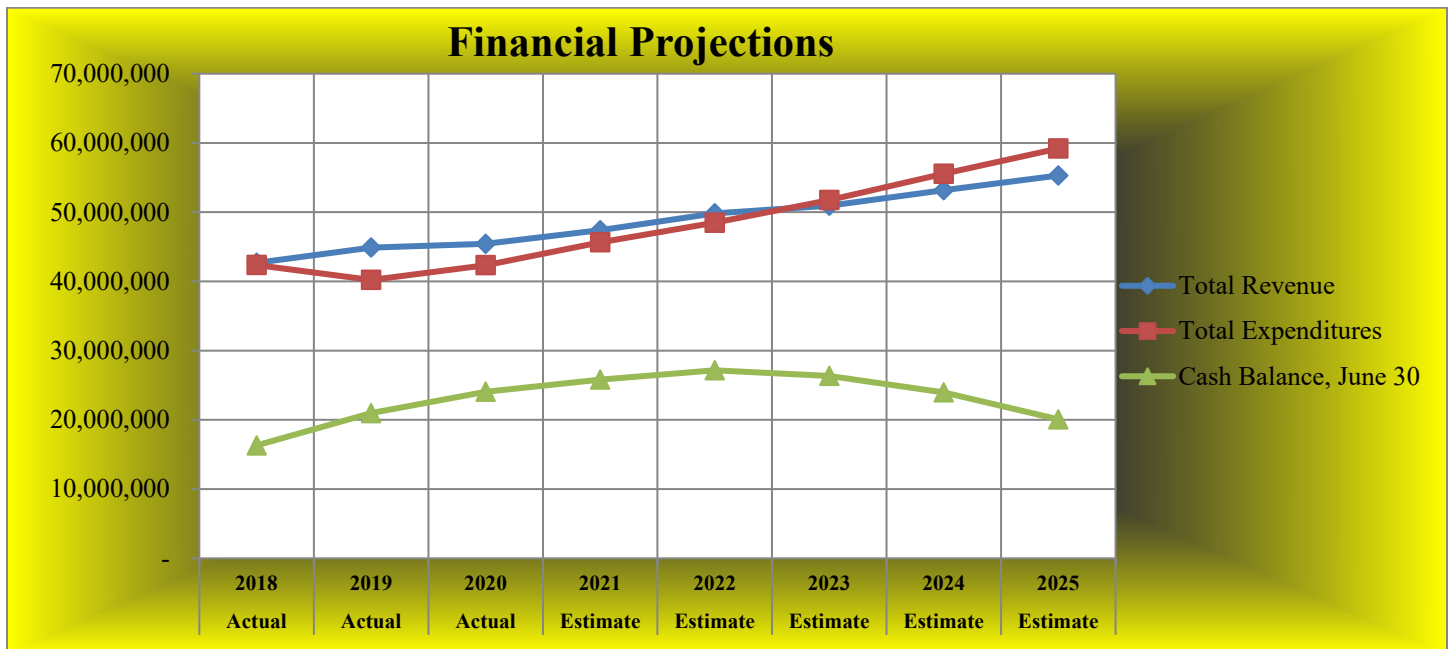
*General Fund – Is the fund of the District from which the Treasurer/CFO pays for the normal expenses of the district. It includes salaries, fringe benefits, utilities, tuition, bus expenditures, cleaning materials, etc.... This fund is often known as the operating fund.*

## LONG RANGE FINANCIAL PROJECTIONS

The District, on an annual basis, evaluates its revenues and expenditures for the ensuing five year period. The Five Year Forecast, which is required by the Ohio Department of Education, functions as a financial planning tool to help the District in assessing its ability to meet certain financial obligations and plan future levy needs.

It is a difficult time for school districts in the State of Ohio, as the State legislature continues to enact laws that negatively impact the revenue of the school districts. Revenue and expenditures are analyzed by reviewing three years of historical information and five years of projections. The administration and Board of Education are committed to making data-driven decisions that will maintain and/or enhance programming for students while being ever-vigilant to keep expenditures at reasonable levels. The Board of Education will make every effort to match the district’s needs with the proper type of funding tools available under state law to provide outstanding educational opportunities for its young people.

The District’s five year forecast, which contains more detailed information on the District’s financial projections, can be viewed at the following website: <http://www.swl.k12.oh.us/TreasurersDepartment.aspx>.



## SCHOOL DISTRICT TAXES

What are the three tax funds that make up the “school district tax” portion of residential property taxes?

Overall, the Operating levies, the Bond Issue levies and the Permanent Improvement levy serve as the framework for the “school district tax” portion of the residential property taxes. It is significant to understand the difference between the three types of property tax levies because they show up interchangeably on the voting ballot as a “school tax levy” or a “bond issue”.

### THREE TYPES OF PROPERTY TAXES BALLOT ISSUES

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#### Operating Levies

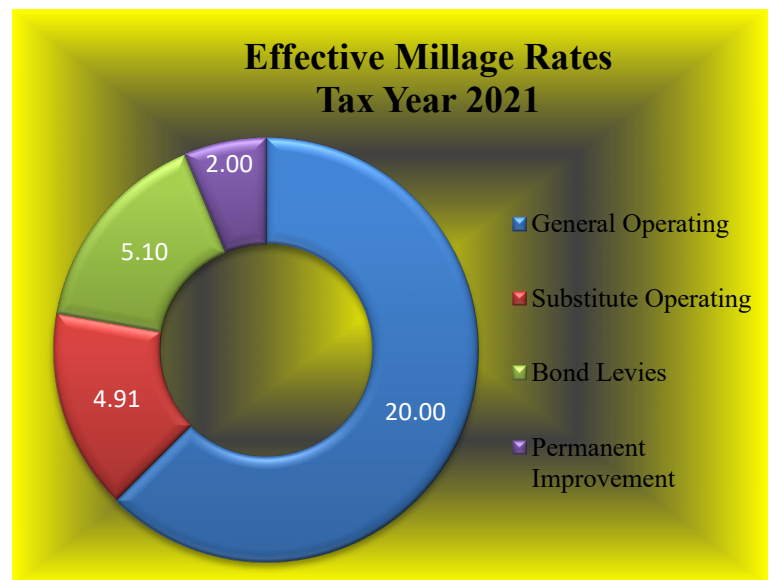
- 20.00 effective millage rate for General Operating levies which includes 4.9 mills for inside millage.
- In March 2020, the voters approved a \$4,525,000 Substitute emergency operating levy for a continuing period of time. The effective millage rate is 4.91 mills.
- Taxes collected are designated for the expenditures of day-to-day operations of the District.

#### Bond Issue Levy

- 5.10 effective millage rate.
- Bond levies are designated to pay for the construction cost of new buildings including land and/or expansion of existing buildings. The purpose statement of each bond levy describes what the principal amount of the bond issue must be used for. The principal amount of the bond issue cannot be used for expenditures of day-to-day operations.
- In May 2017, the voters approved a \$78,369,647 CFAP bond issue. The ballot millage was 6.70 mills. For Tax Year 2021 the actual millage assessed was 4.50 mills.

#### Permanent Improvement Levy

- 2.80 voted millage rate, effective millage rate is 2.00 mills.
- Permanent Improvement levy must be used for improvements that have at least five years of useful life. Cannot be used for expenditures of day-to-day operations.
- Tax dollars provide for new school buses, textbooks, technology and maintenance.
- The Permanent Improvement replacement levy was approved in May 2009 for a continuous period of time.





## CALCULATING RESIDENTIAL TAXES

How is the “school district tax” portion of residential property taxes calculated?

Residential property taxes are calculated by multiplying the fair market value of the homeowner’s property by the Auditor’s assessed valuation rate of 35%.

For example, if a homeowner’s property has a total fair market value of \$100,000, the homeowner will pay taxes on the \$35,000 assessed value. The millage rate determines the amount of taxes, and then the homestead/rollback credit is applied, see example calculations below.

In the table below, the millage rate is expressed as a decimal (e.g., 1 mill = .001). The District’s total residential effective millage rate for tax year 2021 is 32.01 mills, expressed in decimal form is .03201.

Fair Market Value	\$100,000.00
X Assessed Value Rate	35%
= Assessed Value	\$35,000.00
X Millage Rate	.027513
= Total Property Taxes	\$962.96
Less Homestead/Rollback Credit of 12.50% *	87.50%
= Total Property Taxes Owed (Plus 4.50 mills bond issues) (A)	\$842.59

\* - The State of Ohio no longer pays the 12.50% homestead and rollback credit on new levies.

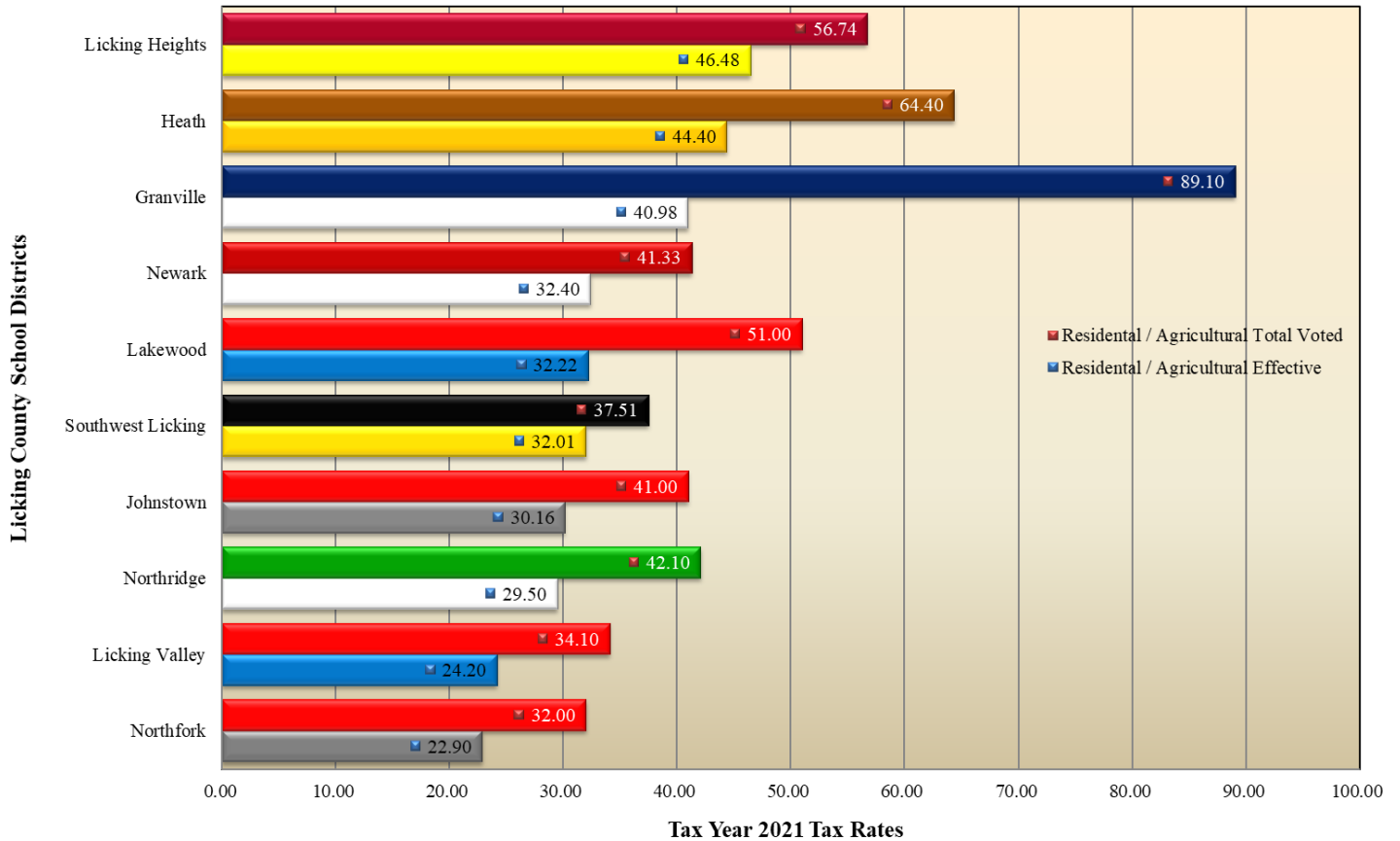
Fair Market Value	\$100,000.00
X Assessed Value Rate	35%
= Assessed Value	\$35,000.00
X Millage Rate (May 2017 Bond Issue)	.0045
= Total Property Taxes Owed (B)	\$157.50

Total Property Taxes Owed (per \$100,000 Fair Market Value) (A) + (B)	<b>\$1,000.09</b>
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<b><u>Understanding Residential Property Taxes</u></b>
<p><b>Mill</b> 1/10<sup>th</sup> of one cent or \$1 for \$1,000 of assessed property value.</p>
<p><b>Effective Millage</b> Actual rate used by the Auditor to compute property taxes owed.</p>
<p><b>Rollback</b> A 10% reduction in property taxes for each taxpayer. The state reimburses the District for these lost tax dollars.</p>
<p><b>Homestead</b> A 2.5% reduction in property taxes for owner occupied homes. The state reimburses the District for these lost tax dollars.</p>
<p><b>House Bill 920</b> An Ohio law passed in 1976 that requires the reduction in millage rates so that the District does not collect additional tax dollars over and above what a levy generated the first year of collection because of reappraisal / inflationary increases. An exception to this law is that the District’s General operating millage rate cannot go below 20.00 mills, commonly referred to as the 20.00 mills floor.</p>

## COMPARING AREA TAX RATES

Each year, the Licking County and Fairfield County Auditors receive “effective” tax rates from the Ohio Department of Taxation. The “effective” tax rates are the difference between the “total voted” tax rate and the tax credit given to property owners because the value of real property has increased due to inflation. The Licking County and Fairfield County Auditors used the “effective” tax rates when calculating property tax bills. The “total voted” tax rate is the sum of the inside millage plus the outside millage. Inside millage was established by the State of Ohio Constitution and is equal to 10 mills. Inside millage is split between all the political subdivisions and charter cities. Inside millage is levied to support governmental purposes without the need for voter approval. The amount of inside millage levied to support the school district is 4.9 mills. Outside millage is the total millage for all levies that were approved by the voters and have not expired. The total outside millage levied for the school district is 27.11 mills. The total effective millage levied for the school district is 32.01 mills.



## **MISSION STATEMENT**

### **Warrior Way:**

Educating students to become responsible citizens who lead successful and fulfilling lives in a safe environment.

## **VISION STATEMENTS**

### **Student Learning:**

Challenging every student to expand their mindset and consider new opportunities and ideas while maximizing their individual potential.

### **Culture and Inclusivity:**

Cultivating an inclusive community where all students find acceptance and feel valued.

### **Student Experience:**

Creating engaging opportunities that allow students to find their purpose, pursue their passions, and make connections.

### **Finances and Facilities:**

Bringing the community together by providing innovative learning spaces with a focus on fiscal responsibility and transparency.

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