

**LICKING VALLEY LOCAL SCHOOL DISTRICT**

**LICKING COUNTY**

**SINGLE AUDIT**

**JULY 1, 2023 – JUNE 30, 2024**







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Board of Education  
Licking Valley Local School District  
1379 Licking Valley Road, NE  
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Licking Valley Local School District, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2023 through June 30, 2024. 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 Licking Valley Local School District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

March 05, 2025

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**LICKING VALLEY LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Licking Valley Local School District  
Licking County  
1379 Licking Valley Road NE  
Newark, Ohio 43055

To the Board of Education:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Licking Valley Local School District, Licking County, Ohio (the District), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Licking Valley Local School District, Licking County, Ohio as of June 30, 2024, and the respective changes in financial position thereof for the fiscal year 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 opinions.

#### *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*, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities/assets 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.

Licking Valley Local School District  
Licking County  
Independent Auditor's Report

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and 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 schedule of expenditures of federal awards is 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 December 16, 2024, 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.

*Wilson, Shannon & Son, Inc.*

Newark, Ohio  
December 16, 2024

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

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

The management's discussion and analysis of the Licking Valley Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

***Financial Highlights***

Key financial highlights for 2024 are as follows:

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$27,028,884 during the fiscal year.
- Net Position increased \$3,244,246, which represents a 13.64% increase from 2023.
- The District's governmental funds reported combined ending balance of \$22,601,473, an increase of \$3,740,170 from the prior fiscal year.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The general fund and the bond retirement fund are the only major funds.

***Reporting the District as a Whole***

***Statement of Net Position and the Statement of Activities***

The statement of net position and the statement of activities reflect how the District did financially during the fiscal year. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the full accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

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

In the statement of net position and the statement of activities, the District discloses a single type of activity: ***Governmental Activities*** - All of the District's programs and services are reported here including instruction, support services, non-instructional services, operation of non-instructional services (food service), and extracurricular activities operations.

***Reporting the District's Most Significant Funds***

***Fund Financial Statements***

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The General Fund and the Bond Retirement Fund are the District's most significant major governmental funds. A description of the financial activities of these major funds can be found in the notes to the basic financial statements.

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

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in the custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

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

***Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's general fund budgetary activity, net pension liability, net OPEB asset/liability and contributions to the pension and OPEB plans.

***The District as a Whole***

Recall that the statement of net position provides the perspective of the District as a whole. Table 1 provides a comparative analysis of fiscal year 2024 to 2023.

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

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

**Table 1**

|  | <b>Net Position</b>                       |   |                     |
|--|---|---|---------------------|
|  | Governmental<br>Activities<br><u>2024</u> | Governmental<br>Activities<br><u>2023</u> | <u>Change</u>       |
| <b><u>Assets</u></b>                         |   |   |                     |
| Current and other assets                     | \$ 32,898,330                             | \$ 28,282,002                             | \$ 4,616,328        |
| Net OPEB asset                               | 1,514,973                                 | 2,069,559                                 | (554,586)           |
| Capital assets, net                          | <u>28,483,880</u>                         | <u>30,712,667</u>                         | <u>(2,228,787)</u>  |
| Total assets                                 | <u>62,897,183</u>                         | <u>61,064,228</u>                         | <u>1,832,955</u>    |
| <b><u>Deferred Outflows of Resources</u></b> |   |   |                     |
| Pension & OPEB                               | <u>5,442,488</u>                          | <u>5,896,192</u>                          | <u>(453,704)</u>    |
| Total deferred outflows of resources         | <u>5,442,488</u>                          | <u>5,896,192</u>                          | <u>(453,704)</u>    |
| <b><u>Liabilities</u></b>                    |   |   |                     |
| Current liabilities                          | 2,169,987                                 | 2,251,838                                 | (81,851)            |
| Long-term liabilities:                       |   |   |                     |
| Due within one year                          | 1,180,164                                 | 1,188,742                                 | (8,578)             |
| Due in more than one year:                   |   |   |                     |
| Net pension & OPEB                           | 23,613,868                                | 24,100,189                                | (486,321)           |
| Other amounts                                | <u>2,454,620</u>                          | <u>3,601,769</u>                          | <u>(1,147,149)</u>  |
| Total liabilities                            | <u>29,418,639</u>                         | <u>31,142,538</u>                         | <u>(1,723,899)</u>  |
| <b><u>Deferred Inflows of Resources</u></b>  |   |   |                     |
| Property taxes levied for next year          | 7,589,453                                 | 6,530,214                                 | 1,059,239           |
| Pension & OPEB                               | 4,288,277                                 | 5,478,999                                 | (1,190,722)         |
| Deferred Charges on Refunding                | <u>14,418</u>                             | <u>24,031</u>                             | <u>(9,613)</u>      |
| Total deferred inflows of resources          | <u>11,892,148</u>                         | <u>12,033,244</u>                         | <u>(141,096)</u>    |
| <b><u>Net Position</u></b>                   |   |   |                     |
| Net investment in capital assets             | 25,602,392                                | 26,912,691                                | (1,310,299)         |
| Restricted                                   | 6,361,195                                 | 5,079,980                                 | 1,281,215           |
| Unrestricted                                 | <u>(4,934,703)</u>                        | <u>(8,208,033)</u>                        | <u>3,273,330</u>    |
| Total net position                           | <u>\$ 27,028,884</u>                      | <u>\$ 23,784,638</u>                      | <u>\$ 3,244,246</u> |

Current and other assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of an increase in cash and cash equivalents in the general fund. The decrease in long-term liabilities is due to the principal payments on the long-term debt reducing the outstanding liability.

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

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

The net pension liability (NPL) is one of the largest liabilities reported by the District at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2023, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB 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 School 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.

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

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

Table 2 shows the changes in net position for fiscal year 2024 and 2023.

**Table 2**

**Change in Net Position**

|   | Governmental<br>Activities<br><u>2024</u> | Governmental<br>Activities<br><u>2023</u> | <u>Change</u>       |
|---|---|---|---------------------|
| <b><u>Revenues</u></b>                    |   |   |                     |
| Program revenues:                         |   |   |                     |
| Charges for services and sales            | \$ 1,507,472                              | \$ 1,555,782                              | \$ (48,310)         |
| Operating grants and contributions        | 3,987,505                                 | 3,023,347                                 | 964,158             |
| Capital grants and contributions          | <u>84,296</u>                             | <u>200,000</u>                            | <u>(115,704)</u>    |
| Total program revenues                    | <u>5,579,273</u>                          | <u>4,779,129</u>                          | <u>800,144</u>      |
| General revenues:                         |   |   |                     |
| Property taxes                            | 6,979,122                                 | 8,148,618                                 | (1,169,496)         |
| Payment in lieu of taxes                  | -   | 1,416                                     | (1,416)             |
| Grants and entitlements                   | 12,989,036                                | 13,301,141                                | (312,105)           |
| Income Taxes                              | 3,831,952                                 | 3,731,588                                 | 100,364             |
| Other                                     | <u>824,248</u>                            | <u>396,452</u>                            | <u>427,796</u>      |
| Total general revenues                    | <u>24,624,358</u>                         | <u>25,579,215</u>                         | <u>(954,857)</u>    |
| Total revenues                            | <u>30,203,631</u>                         | <u>30,358,344</u>                         | <u>(154,713)</u>    |
| <b><u>Expenses</u></b>                    |   |   |                     |
| Program expenses:                         |   |   |                     |
| Instruction:                              | 14,472,293                                | 14,726,822                                | (254,529)           |
| Support services:                         | 10,013,464                                | 8,923,157                                 | 1,090,307           |
| Operations of non-instructional services: | 1,298,914                                 | 1,132,617                                 | 166,297             |
| Extracurricular activities                | 1,116,375                                 | 992,566                                   | 123,809             |
| Interest and fiscal charges               | <u>58,339</u>                             | <u>64,792</u>                             | <u>(6,453)</u>      |
| Total expenses                            | <u>26,959,385</u>                         | <u>25,839,954</u>                         | <u>1,119,431</u>    |
| Change in net position                    | 3,244,246                                 | 4,518,390                                 | (1,274,144)         |
| Net position at beginning of year         | <u>23,784,638</u>                         | <u>19,266,248</u>                         | <u>4,518,390</u>    |
| Net position at end of year               | <u>\$ 27,028,884</u>                      | <u>\$ 23,784,638</u>                      | <u>\$ 3,244,246</u> |

Total revenues decreased during the fiscal year due to a reduction in property tax revenue, which fluctuates based on the availability of advances based on the timing of real estate tax collection by the County auditor.

The increase in expenses was partially due to salary and benefit increases that are part of the negotiated agreements.

The statement of activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements. The dependence upon tax revenues and unrestricted state entitlements is apparent. It is apparent that the community, as a whole, is the primary support for the District's students.

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

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

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

***Governmental Funds***

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

***Governmental Funds***

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

The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of June 30, 2024 and 2023.

**Table 3**

**Fund Balance Analysis**

|                    | <u>Fund Balance<br/>June 30, 2024</u> | <u>Fund Balance<br/>June 30, 2023</u> | <u>Change</u>       | <u>Percentage<br/>Change</u> |
|--------------------|---------------------------------------|---------------------------------------|---------------------|------------------------------|
| General            | \$ 18,049,549                         | \$ 15,014,646                         | \$ 3,034,903        | 20.21 %                      |
| Bond retirement    | 1,142,359                             | 1,283,894                             | (141,535)           | (11.02) %                    |
| Other governmental | <u>3,409,565</u>                      | <u>2,562,763</u>                      | <u>846,802</u>      | 33.04 %                      |
| Total              | <u>\$ 22,601,473</u>                  | <u>\$ 18,861,303</u>                  | <u>\$ 3,740,170</u> | 19.83 %                      |

The general fund is the chief operating fund of the District. The District's general fund balance increased during the fiscal year. A key component of this increase was an increase in cash and cash equivalents, as previously discussed.

The District's bond retirement fund balance decreased during the current fiscal year. This decrease represents the amount in which property taxes and related revenues exceeded debt service payments revenues during the fiscal year.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2024, the District amended its General Fund budget as needed.

The variance between final estimated receipts and other financing sources and final actual receipts and other financing sources was insignificant. The variance between final appropriations and actual expenditures and other financing uses was \$1,920,577.

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

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

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2024, the District had \$28,483,880 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use - software. This entire amount is reported in governmental activities.

Capital assets decreased \$2,228,787 during the fiscal year. This decrease represents the amount in which depreciation and amortization exceeded additions. For further information regarding the District's capital assets see Note 8 to the basic financial statements.

**Debt**

At June 30, 2024, the District had \$15,525 in SBITA obligations, \$475,276 in financed purchases – notes payable and \$1,850,000 in general obligations bonds outstanding. Of this total, \$1,076,094 is due within one year and \$1,264,707 is due in greater than one year. For further information regarding the District's long-term obligations see Note 13 to the basic financial statements.

**Economic Factors**

The District is holding its own in the state of uncertainty in State funding. Over the past several years, the District has remained in a good financial position. In 1988, the District passed a 7.5 mil-continuing levy. This levy provides a continuous source of funds for the financial operations and stability of the District.

The District also passed a 1.0% Continuous Income Tax levy for operating in 1993 and returned 5 mills of the 1988 levy back to the taxpayers. This generates approximately \$3.5 million additional revenue to be used for operational expenses of the District. The District has operated for over 30 years without asking the taxpayers for more operational dollars.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Andrew Douglass, Treasurer, Licking Valley Local School District, 1379 Licking Valley Road NE, Newark, Ohio 43055.

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

STATEMENT OF NET POSITION  
JUNE 30, 2024

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>Assets:</b>                                 |                                    |
| Equity in pooled cash and cash equivalents     | \$ 22,907,753                      |
| Receivables:                                   |                                    |
| Property taxes                                 | 8,209,255                          |
| Income taxes                                   | 1,658,937                          |
| Accrued interest                               | 20,852                             |
| Intergovernmental                              | 57,780                             |
| Prepayments                                    | 26,569                             |
| Inventory held for resale                      | 17,184                             |
| Net OPEB asset                                 | 1,514,973                          |
| Capital assets:                                |                                    |
| Nondepreciable capital assets                  | 888,628                            |
| Depreciable capital assets, net                | 27,595,252                         |
| Capital assets, net                            | 28,483,880                         |
| Total assets                                   | 62,897,183                         |
| <b>Deferred outflows of resources:</b>         |                                    |
| Pension  | 4,455,562                          |
| OPEB   | 986,926                            |
| Total deferred outflows of resources           | 5,442,488                          |
| <b>Liabilities:</b>                            |                                    |
| Accounts payable                               | 62,430                             |
| Accrued wages and benefits payable             | 1,625,308                          |
| Intergovernmental payable                      | 473,766                            |
| Accrued interest payable                       | 7,493                              |
| Unearned revenue                               | 990                                |
| Long-term liabilities:                         |                                    |
| Due within one year                            | 1,180,164                          |
| Due in more than one year:                     |                                    |
| Net pension liability                          | 22,012,405                         |
| Net OPEB liability                             | 1,601,463                          |
| Other amounts due in more than one year        | 2,454,620                          |
| Total liabilities                              | 29,418,639                         |
| <b>Deferred inflows of resources:</b>          |                                    |
| Property taxes levied for the next fiscal year | 7,589,453                          |
| Deferred amount on refunding                   | 14,418                             |
| Pension  | 1,629,444                          |
| OPEB   | 2,658,833                          |
| Total deferred inflows of resources            | 11,892,148                         |
| <b>Net position:</b>                           |                                    |
| Net investment in capital assets               | 25,602,392                         |
| Restricted for:                                |                                    |
| Capital projects                               | 2,113,640                          |
| Classroom facilities maintenance               | 165,574                            |
| Debt service                                   | 1,162,615                          |
| State funded programs                          | 5,904                              |
| Federally funded programs                      | 933                                |
| Food service operations                        | 1,006,270                          |
| Student activities                             | 338,119                            |
| OPEB   | 1,514,973                          |
| Other purposes                                 | 53,167                             |
| Unrestricted (deficit)                         | (4,934,703)                        |
| Total net position                             | \$ 27,028,884                      |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|  |                      |   | <b>Program Revenues</b>                       |   |                                    | <b>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</b> |
|--|----------------------|---|---|---|------------------------------------|--|
|  | <b>Expenses</b>      | <b>Charges for<br/>Services and Sales</b> | <b>Operating Grants<br/>and Contributions</b> | <b>Capital Grants<br/>and Contributions</b> | <b>Governmental<br/>Activities</b> |  |
| <b>Governmental activities:</b>                                |                      |   |   |   |                                    |  |
| Instruction:   |                      |   |   |   |                                    |  |
| Regular  | \$ 11,393,283        | \$ 200,989                                | \$ 581,983                                    | \$ -  | \$ (10,610,311)                    |  |
| Special  | 2,695,973            | 101,960                                   | 1,594,728                                     | -   | (999,285)                          |  |
| Vocational   | 332,885              | -   | 65,164  | -   | (267,721)                          |  |
| Other  | 50,152               | -   | 46,717  | -   | (3,435)                            |  |
| Support services:  |                      |   |   |   |                                    |  |
| Pupil  | 928,090              | -   | 420,756                                       | -   | (507,334)                          |  |
| Instructional staff  | 381,610              | -   | 4,893   | -   | (376,717)                          |  |
| Board of education   | 49,192               | -   | -   | -   | (49,192)                           |  |
| Administration   | 2,667,958            | 14,143                                    | 64,327  | -   | (2,589,488)                        |  |
| Fiscal   | 680,576              | -   | -   | 7,700                                       | (672,876)                          |  |
| Operations and maintenance                                     | 2,818,469            | -   | 166,053                                       | 76,596                                      | (2,575,820)                        |  |
| Pupil transportation   | 2,045,889            | 36,638                                    | 78,504  | -   | (1,930,747)                        |  |
| Central  | 441,680              | -   | -   | -   | (441,680)                          |  |
| Operation of non-instructional<br>services:                    |                      |   |   |   |                                    |  |
| Food service operations  | 1,296,939            | 405,727                                   | 812,994                                       | -   | (78,218)                           |  |
| Other non-instructional services                               | 1,975                | 385                                       | 2,657   | -   | 1,067                              |  |
| Extracurricular activities                                     | 1,116,375            | 747,630                                   | 148,729                                       | -   | (220,016)                          |  |
| Interest and fiscal charges                                    | 58,339               | -   | -   | -   | (58,339)                           |  |
| <b>Totals</b>  | <b>\$ 26,959,385</b> | <b>\$ 1,507,472</b>                       | <b>\$ 3,987,505</b>                           | <b>\$ 84,296</b>                            | <b>(21,380,112)</b>                |  |
| <b>General revenues:</b>                                       |                      |   |   |   |                                    |  |
| Property taxes levied for:                                     |                      |   |   |   |                                    |  |
| General purposes   |                      |   |   |   |                                    | 5,977,516  |
| Debt service   |                      |   |   |   |                                    | 714,676  |
| Capital outlay   |                      |   |   |   |                                    | 286,930  |
| Income taxes levied for:                                       |                      |   |   |   |                                    |  |
| General purposes   |                      |   |   |   |                                    | 3,831,952  |
| Grants and entitlements not restricted<br>to specific programs |                      |   |   |   |                                    | 12,989,036   |
| Investment earnings  |                      |   |   |   |                                    | 712,076  |
| Miscellaneous  |                      |   |   |   |                                    | 112,172  |
| <b>Total general revenues</b>                                  |                      |   |   |   |                                    | <b>24,624,358</b>  |
| Change in net position   |                      |   |   |   |                                    | 3,244,246  |
| <b>Net position at beginning of year</b>                       |                      |   |   |   |                                    | <b>23,784,638</b>  |
| <b>Net position at end of year</b>                             |                      |   |   |   |                                    | <b>\$ 27,028,884</b>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

|   | General              | Bond<br>Retirement  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Assets:</b>  |                      |                     |                                   |                                |
| Equity in pooled cash<br>and cash equivalents         | \$ 18,159,509        | \$ 1,106,553        | \$ 3,641,691                      | \$ 22,907,753                  |
| Receivables:  |                      |                     |                                   |                                |
| Property taxes  | 7,023,486            | 834,290             | 351,479                           | 8,209,255                      |
| Income taxes  | 1,658,937            | -                   | -                                 | 1,658,937                      |
| Accrued interest                                      | 20,852               | -                   | -                                 | 20,852                         |
| Interfund loans                                       | 235,481              | -                   | -                                 | 235,481                        |
| Intergovernmental                                     | 41,393               | -                   | 16,387                            | 57,780                         |
| Prepayments   | 26,569               | -                   | -                                 | 26,569                         |
| Inventory held for resale                             | -                    | -                   | 17,184                            | 17,184                         |
| Total assets  | <u>\$ 27,166,227</u> | <u>\$ 1,940,843</u> | <u>\$ 4,026,741</u>               | <u>\$ 33,133,811</u>           |
| <b>Liabilities:</b>                                   |                      |                     |                                   |                                |
| Accounts payable                                      | \$ 62,430            | \$ -                | \$ -                              | \$ 62,430                      |
| Accrued wages and benefits payable                    | 1,582,013            | -                   | 43,295                            | 1,625,308                      |
| Intergovernmental payable                             | 473,139              | -                   | 627                               | 473,766                        |
| Interfund loans payable                               | -                    | -                   | 235,481                           | 235,481                        |
| Unearned revenue                                      | -                    | -                   | 990                               | 990                            |
| Total liabilities                                     | <u>2,117,582</u>     | <u>-</u>            | <u>280,393</u>                    | <u>2,397,975</u>               |
| <b>Deferred inflows of resources:</b>                 |                      |                     |                                   |                                |
| Property taxes levied for the next fiscal year        | 6,493,211            | 771,300             | 324,942                           | 7,589,453                      |
| Delinquent property tax revenue not available         | 228,845              | 27,184              | 11,452                            | 267,481                        |
| Income tax revenue not available                      | 274,736              | -                   | -                                 | 274,736                        |
| Intergovernmental revenue not available               | 2,304                | -                   | 389                               | 2,693                          |
| Total deferred inflows of resources                   | <u>6,999,096</u>     | <u>798,484</u>      | <u>336,783</u>                    | <u>8,134,363</u>               |
| <b>Fund balances:</b>                                 |                      |                     |                                   |                                |
| Nonspendable:   |                      |                     |                                   |                                |
| Prepays   | 26,569               | -                   | -                                 | 26,569                         |
| Restricted:   |                      |                     |                                   |                                |
| Debt service  | -                    | 1,142,359           | -                                 | 1,142,359                      |
| Capital improvements                                  | -                    | -                   | 901,940                           | 901,940                        |
| Classroom facilities maintenance                      | -                    | -                   | 165,574                           | 165,574                        |
| Food service operations                               | -                    | -                   | 1,006,270                         | 1,006,270                      |
| State funded programs                                 | -                    | -                   | 5,904                             | 5,904                          |
| Federally funded programs                             | -                    | -                   | 933                               | 933                            |
| Extracurricular                                       | -                    | -                   | 338,119                           | 338,119                        |
| Other purposes  | -                    | -                   | 53,167                            | 53,167                         |
| Committed:  |                      |                     |                                   |                                |
| Capital improvements                                  | -                    | -                   | 1,200,248                         | 1,200,248                      |
| Assigned:   |                      |                     |                                   |                                |
| Student and staff support                             | 119,675              | -                   | -                                 | 119,675                        |
| Unassigned (deficit)                                  | <u>17,903,305</u>    | <u>-</u>            | <u>(262,590)</u>                  | <u>17,640,715</u>              |
| Total fund balances                                   | <u>18,049,549</u>    | <u>1,142,359</u>    | <u>3,409,565</u>                  | <u>22,601,473</u>              |
| Total liabilities, deferred inflows and fund balances | <u>\$ 27,166,227</u> | <u>\$ 1,940,843</u> | <u>\$ 4,026,741</u>               | <u>\$ 33,133,811</u>           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2024

|   |              |                             |
|---|--------------|-----------------------------|
| <b>Total governmental fund balances</b>   |              | \$ 22,601,473               |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i>   |              |                             |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.   |              | 28,483,880                  |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.  |              |                             |
| Property taxes receivable   | \$ 267,481   |                             |
| Income taxes receivable   | 274,736      |                             |
| Intergovernmental receivable  | 2,693        |                             |
| Total   |              | 544,910                     |
| Unamortized premiums on bonds issued are not recognized in the funds.   |              | (50,993)                    |
| Unamortized amounts on refundings are not recognized in the funds.  |              | (14,418)                    |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.   |              | (7,493)                     |
| The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds. |              |                             |
| Deferred outflows - pension   | 4,455,562    |                             |
| Deferred inflows - pension  | (1,629,444)  |                             |
| Net pension liability   | (22,012,405) |                             |
| Deferred outflows - OPEB  | 986,926      |                             |
| Deferred inflows - OPEB   | (2,658,833)  |                             |
| Net OPEB asset  | 1,514,973    |                             |
| Net OPEB liability  | (1,601,463)  |                             |
| Total   |              | (20,944,684)                |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.  |              |                             |
| General obligation bonds  | (1,850,000)  |                             |
| SBITA obligations   | (15,525)     |                             |
| Compensated absences  | (1,242,990)  |                             |
| Notes payable   | (475,276)    |                             |
| Total   |              | (3,583,791)                 |
| <b>Net position of governmental activities</b>  |              | <u><u>\$ 27,028,884</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|  | General              | Bond<br>Retirement  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>                             |                      |                     |                                   |                                |
| Property taxes                               | \$ 5,862,170         | \$ 704,842          | \$ 281,075                        | \$ 6,848,087                   |
| Income taxes                                 | 3,803,192            | -                   | -                                 | 3,803,192                      |
| Intergovernmental                            | 14,533,989           | 120,562             | 2,444,723                         | 17,099,274                     |
| Investment earnings                          | 712,076              | -                   | 62,725                            | 774,801                        |
| Tuition and fees                             | 339,587              | -                   | -                                 | 339,587                        |
| Extracurricular                              | 217,667              | -                   | 527,105                           | 744,772                        |
| Charges for services                         | 14,143               | -                   | 407,946                           | 422,089                        |
| Contributions and donations                  | 45,368               | -                   | 150,868                           | 196,236                        |
| Miscellaneous                                | 66,804               | -                   | 2,526                             | 69,330                         |
| Total revenues                               | <u>25,594,996</u>    | <u>825,404</u>      | <u>3,876,968</u>                  | <u>30,297,368</u>              |
| <b>Expenditures:</b>                         |                      |                     |                                   |                                |
| Current:                                     |                      |                     |                                   |                                |
| Instruction:                                 |                      |                     |                                   |                                |
| Regular                                      | 9,455,578            | -                   | 470,882                           | 9,926,460                      |
| Special                                      | 2,150,029            | -                   | 616,910                           | 2,766,939                      |
| Vocational                                   | 313,426              | -                   | 5,021                             | 318,447                        |
| Other  | 21,917               | -                   | 30,002                            | 51,919                         |
| Support services:                            |                      |                     |                                   |                                |
| Pupil  | 945,618              | -                   | 10,256                            | 955,874                        |
| Instructional staff                          | 408,628              | -                   | 7,499                             | 416,127                        |
| Board of education                           | 49,781               | -                   | -                                 | 49,781                         |
| Administration                               | 2,671,517            | -                   | 89,202                            | 2,760,719                      |
| Fiscal                                       | 673,249              | 13,164              | 4,959                             | 691,372                        |
| Operations and maintenance                   | 2,408,459            | -                   | 360,421                           | 2,768,880                      |
| Pupil transportation                         | 1,854,921            | -                   | -                                 | 1,854,921                      |
| Central                                      | 405,746              | -                   | 5,993                             | 411,739                        |
| Operation of non-instructional services:     |                      |                     |                                   |                                |
| Food service operations                      | -                    | -                   | 1,288,824                         | 1,288,824                      |
| Other non-instructional services             | 320                  | -                   | 1,655                             | 1,975                          |
| Extracurricular activities                   | 323,020              | -                   | 603,238                           | 926,258                        |
| Facilities acquisition and construction      | -                    | -                   | 223,881                           | 223,881                        |
| Debt service:                                |                      |                     |                                   |                                |
| Principal retirement                         | 30,137               | 885,000             | 133,491                           | 1,048,628                      |
| Interest and fiscal charges                  | 9,218                | 68,775              | 16,461                            | 94,454                         |
| Total expenditures                           | <u>21,721,564</u>    | <u>966,939</u>      | <u>3,868,695</u>                  | <u>26,557,198</u>              |
| Excess of revenues over (under) expenditures | <u>3,873,432</u>     | <u>(141,535)</u>    | <u>8,273</u>                      | <u>3,740,170</u>               |
| <b>Other financing sources (uses):</b>       |                      |                     |                                   |                                |
| Transfers in                                 | -                    | -                   | 838,529                           | 838,529                        |
| Transfers (out)                              | (838,529)            | -                   | -                                 | (838,529)                      |
| Total other financing sources (uses)         | <u>(838,529)</u>     | <u>-</u>            | <u>838,529</u>                    | <u>-</u>                       |
| Net change in fund balances                  | 3,034,903            | (141,535)           | 846,802                           | 3,740,170                      |
| <b>Fund balances at beginning of year</b>    | 15,014,646           | 1,283,894           | 2,562,763                         | 18,861,303                     |
| <b>Fund balances at end of year</b>          | <u>\$ 18,049,549</u> | <u>\$ 1,142,359</u> | <u>\$ 3,409,565</u>               | <u>\$ 22,601,473</u>           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

|   |                    |                         |
|---|--------------------|-------------------------|
| <b>Net change in fund balances - total governmental funds</b>   | <b>\$</b>          | <b>3,740,170</b>        |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i>   |                    |                         |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  |                    |                         |
| Capital asset additions   | \$ 2,938,333       |                         |
| Current year depreciation   | <u>(5,151,572)</u> |                         |
| Total   |                    | (2,213,239)             |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.   |                    | (15,548)                |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  |                    |                         |
| Property taxes  | 131,035            |                         |
| Income taxes  | 28,760             |                         |
| Intergovernmental   | <u>(253,532)</u>   |                         |
| Total   |                    | (93,737)                |
| Repayment of bond, note and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.  |                    | 1,048,628               |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities: |                    |                         |
| (Increase) decrease in accrued interest payable   | (7,493)            |                         |
| Amortization of bond premiums   | 33,995             |                         |
| Amortization of deferred charges  | <u>9,613</u>       |                         |
| Total   |                    | 36,115                  |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.   |                    |                         |
| Pension   | 2,035,764          |                         |
| OPEB  | <u>66,591</u>      |                         |
| Total   |                    | 2,102,355               |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.  |                    |                         |
| Pension   | (1,701,252)        |                         |
| OPEB  | <u>267,650</u>     |                         |
| Total   |                    | (1,433,602)             |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.  |                    |                         |
|   |                    | <u>73,104</u>           |
| <b>Change in net position of governmental activities</b>  | <b>\$</b>          | <b><u>3,244,246</u></b> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|  | <u><b>Custodial</b></u> |
|--|-------------------------|
| <b>Additions:</b>                        |                         |
| Extracurricular collections for OHSAA    | 3,844                   |
| Total additions                          | <u>3,844</u>            |
| <b>Deductions:</b>                       |                         |
| Extracurricular distributions to OHSAA   | 3,844                   |
| Total deductions                         | <u>3,844</u>            |
| Change in net position                   | -                       |
| <b>Net position at beginning of year</b> | <u>-</u>                |
| <b>Net position at end of year</b>       | <u><u>\$ -</u></u>      |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Licking Valley Local School District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected 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/or federal guidelines.

The District was established in 1957 through the consolidation of existing land areas and school districts. The District serves an area of approximately 108 square miles. It is located in Licking County, and includes the Village of Hanover and portions of Mary Ann, Perry, Madison and Hanover Townships. The District currently operates 3 instructional buildings.

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

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the District’s accounting policies.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”. The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with four organizations, which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Career and Technology Education Centers of Licking County, the Central Ohio Special Education Regional Resource Center, the Metropolitan Educational Technology Association, and the Ohio School Boards Association Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the category governmental.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

*GOVERNMENTAL FUNDS*

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The General Fund and Bond Retirement Fund are the District's major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**C. Basis of Presentation and Measurement Focus**

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

*Fund Financial Statements* - During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide and governmental fund statements.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows and in the presentation of expenses versus expenditures.

*Revenues - Exchange and Non-exchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, and grants.

*Deferred Outflows/Inflows of Resources* - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net asset that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pensions and other post-employment benefits (OPEB). The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

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

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized until that time. For the District, deferred inflows of resources include property taxes, deferred amount on refunding, unavailable revenue, pension, and OPEB.

Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental funds balance sheet.

A deferred amount on refunding is reported on the government-wide statement of net position. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the availability period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 10 and 11).

Expenditures/Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**E. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level within each function and fund. Any budgetary modifications at this level may only be made by the Board of Education.

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

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

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

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Cash and Investments" on the financial statements.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. During 2024, investments were limited to federal agency securities (federal Home Loan Mortgage Corporation (FLMC), U.S. Treasury Notes, commercial paper, negotiable certificates of deposit, Federated Government Obligation Money Market Mutual Funds, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit are reported at cost.

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

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and Other Governmental Funds during the fiscal year amounted to \$712,076 and \$62,725, respectively. Of the amount reported in the General Fund, \$105,596 was assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

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

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond fiscal year-end, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the fiscal year which services are consumed. At fiscal year-end, because prepaid items are not available to finance future governmental fund expenditures, a portion of fund balance equal to the carrying value of the asset has been reported as nonspendable. The District did not have any prepaid items as of June 30, 2024.

**H. Inventory**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when consumed. Inventories of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale. The District had \$17,184 in inventory held for resale assets as of June 30, 2024.

**I. Capital Assets**

The District is reporting intangible right to use assets related to leased buildings, equipment, vehicles and subscription assets. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

General capital assets are those assets not specifically related to activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District's capitalization threshold is five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>         | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Land improvements          | 15 - 30 years          |
| Buildings and improvements | 15 - 30 years          |
| Furniture and fixtures     | 5 - 20 years           |
| Vehicles                   | 5 - 15 years           |
| Equipment                  | 10 years               |

The District is reporting intangible right to use Subscription Based Information Technology Agreement (SBITA) assets. These intangible assets are being amortized in a systematic and rational manner over the shorter of the SBITA term or the useful life of the underlying asset.

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

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

**J. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities columns of the statement of net position, except for any net residual amounts due between governmental activities, which are presented as internal balances.

**K. Compensated Absences**

Vacation benefits and personal leave are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for benefits through paid time off or some other means. The District records a liability for accumulated unused vacation and personal leave time when earned for all employees.

Compensated absence leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on the accumulated sick leave and employees’ wage rates at fiscal year-end, taking into consideration any limits specified in the District’s termination policy.

The District records a liability for accumulated unused sick leave for all employees after twenty years of service, all employees with 15 years of service and are at least 45 years old, and all employees who have 5 or more years of service and are at least 50 years old.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “compensated absences payable” in the funds from which these payments will be made.

The amount is based on accumulated sick leave and employees’ wage rates at fiscal year-end, taking into consideration any limits specified in the District’s termination policy.

**L. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, leases, SBITAs, and other long-term obligations are recognized as a liability on the fund financial statements when due.

**M. Bond Premiums, Bond Discounts and Issuance Costs**

In the Government-wide financial statements, bond premiums and discounts are deferred and amortized over the terms of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are expensed as incurred.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**N. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and 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 the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily consist of unspent local grants and special trust funds.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. At fiscal year-end, the District did not have net position restricted by enabling legislation.

**O. Fund Balance**

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

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

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

*Committed* - The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District Board of Education.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

**P. Interfund Transactions**

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Q. Estimates**

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

**R. Extraordinary and Special Items**

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

**S. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about 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.

**T. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”, GASB Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the District.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2024 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| ESSER                              | \$ 10,339      |
| IDEA Part B                        | 101,568        |
| School Improvement Stimulus A      | 23,405         |
| Title I                            | 126,889        |
| Title IV                           | 389            |

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances 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. Investments may only be made through specified dealers and institutions.

**A. Deposits with Financial Institutions**

At June 30, 2024, the carrying amount of all District deposits was \$17,544,807. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2024, \$17,282,415 of the District's bank balance of \$17,782,415 was exposed to custodial risk as discussed below, while \$500,000 was covered by the FDIC.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District's financial institution was approved for a collateral rate of 50 percent through the Ohio Pooled Collateral System.

The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Ohio law requires that deposits either be insured or be protected by:

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

**B. Investments**

At fiscal year-end, the District reported the following investments:

| Investment/<br><u>Measurement type</u> | Measurement<br><u>Value</u> | Within<br><u>1 Year</u> | 1 to 2<br><u>Years</u> | More than<br><u>2 Years</u> |
|--|-----------------------------|-------------------------|------------------------|-----------------------------|
| <i>Fair Value:</i>                     |                             |                         |                        |                             |
| FHLMC                                  | \$ 249,621                  | \$ 249,621              | \$ -                   | \$ -                        |
| U.S. Treasury notes                    | 322,633                     | -                       | -                      | 322,633                     |
| Commercial paper                       | 246,369                     | 246,369                 | -                      | -                           |
| Negotiable CDs                         | 4,443,132                   | 2,715,285               | 933,740                | 794,107                     |
| US Government Money Market             | 4,118                       | 4,118                   | -                      | -                           |
| <i>Amortized Cost:</i>                 |                             |                         |                        |                             |
| STAR Ohio                              | 97,073                      | 97,073                  | -                      | -                           |
| Total                                  | <u>\$ 5,362,946</u>         | <u>\$ 3,312,466</u>     | <u>\$ 933,740</u>      | <u>\$ 1,116,740</u>         |

The weighted average maturity of the District's investments is 1.49 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLMC), commercial paper, US Treasury Notes, and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk* - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase.

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

*Credit Risk* - STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024 is 45 days.

*Concentration of Credit Risk* - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances of the interim monies available for investment at any one time. The following table includes the percentage of each investment type held by the District at June 30, 2024:

| <u>Investment type</u>     | <u>Measurement</u>  |                   |
|----------------------------|---------------------|-------------------|
|                            | <u>Value</u>        | <u>% of Total</u> |
| FHLMC                      | \$ 249,621          | 4.65%             |
| US Treasury Note           | 322,633             | 6.02%             |
| Commercial Paper           | 246,369             | 4.59%             |
| Negotiable CDs             | 4,443,132           | 82.85%            |
| STAR Ohio                  | 97,073              | 1.81%             |
| US Government Money Market | 4,118               | 0.08%             |
| Total                      | <u>\$ 5,362,946</u> | 100.00%           |

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2024:

|  |                      |
|--|----------------------|
| <u>Cash and investments per note</u>                           |                      |
| Carrying amount of deposits                                    | \$ 17,544,807        |
| Investments  | <u>5,362,946</u>     |
| Total  | <u>\$ 22,907,753</u> |
| <u>Cash and cash equivalents per statement of net position</u> |                      |
| Governmental activities  | <u>\$ 22,907,753</u> |

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Public utility real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real property taxes received in calendar year 2024 became a lien December 31, 2022 were levied after April 1, 2023 and are collected in 2024 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

|                              | <u>June 30, 2024</u> | <u>June 30, 2023</u> |
|------------------------------|----------------------|----------------------|
| Major governmental funds:    |                      |                      |
| General fund                 | \$ 301,430           | \$ 1,236,453         |
| Bond retirement fund         | 35,806               | 188,885              |
| Nonmajor governmental funds: |                      |                      |
| Permanent improvement fund   | 15,085               | 60,931               |

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

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

|   | 2023 Second<br>Half Collections |                | 2024 First<br>Half Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 288,190,967                  | 90.00          | \$ 381,060,196                 | 92.44          |
| Public utility personal                           | <u>30,591,450</u>               | <u>10.00</u>   | <u>31,156,380</u>              | <u>7.56</u>    |
| Total   | <u>\$ 318,782,417</u>           | <u>100.00</u>  | <u>\$ 412,216,576</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$34.00                         |                | \$33.25                        |                |

**LICKING VALLEY LOCAL SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 6 - INCOME TAX**

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1994, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2024, consisted of property and income taxes, interfund, accrued interest and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

|   | Balance<br><u>June 30, 2023</u> | <u>Additions</u>    | <u>Deductions</u>     | Balance<br><u>June 30, 2024</u> |
|---|---------------------------------|---------------------|-----------------------|---------------------------------|
| <b>Governmental activities:</b>                         |                                 |                     |                       |                                 |
| <i>Capital assets, not being depreciated/amortized:</i> |                                 |                     |                       |                                 |
| Land  | \$ 903,628                      | \$ -                | \$ (15,000)           | \$ 888,628                      |
| Construction in progress                                | <u>1,457,599</u>                | <u>181,731</u>      | <u>(1,639,330)</u>    | <u>-</u>                        |
| Total capital assets, not being depreciated/amortized   | <u>2,361,227</u>                | <u>181,731</u>      | <u>(1,654,330)</u>    | <u>888,628</u>                  |
| <i>Capital assets, being depreciated/amortized:</i>     |                                 |                     |                       |                                 |
| Land improvements                                       | 8,273,002                       | 1,098,931           | -                     | 9,371,933                       |
| Buildings and improvements                              | 49,480,086                      | 862,309             | -                     | 50,342,395                      |
| Furniture, fixtures and equipment                       | 2,136,886                       | 2,269,390           | (55,720)              | 4,350,556                       |
| Vehicles  | 2,838,467                       | 165,302             | (85,896)              | 2,917,873                       |
| Intangible right to use:                                |                                 |                     |                       |                                 |
| Leased software   | <u>51,852</u>                   | <u>-</u>            | <u>-</u>              | <u>51,852</u>                   |
| Total capital assets, being depreciated/amortized       | <u>62,780,293</u>               | <u>4,395,932</u>    | <u>(141,616)</u>      | <u>67,034,609</u>               |
| <i>Less: accumulated depreciation/amortization:</i>     |                                 |                     |                       |                                 |
| Land improvements                                       | (4,850,343)                     | (365,256)           | -                     | (5,215,599)                     |
| Buildings and improvements                              | (26,132,443)                    | (2,942,006)         | -                     | (29,074,449)                    |
| Furniture, fixtures and equipment                       | (1,457,116)                     | (1,712,666)         | 55,172                | (3,114,610)                     |
| Vehicles  | (1,976,097)                     | (114,637)           | 85,896                | (2,004,838)                     |
| Intangible right to use:                                |                                 |                     |                       |                                 |
| Leased software   | <u>(12,854)</u>                 | <u>(17,007)</u>     | <u>-</u>              | <u>(29,861)</u>                 |
| Total accumulated depreciation/amortization             | <u>(34,428,853)</u>             | <u>(5,151,572)</u>  | <u>141,068</u>        | <u>(39,439,357)</u>             |
| Governmental activities capital assets, net             | <u>\$ 30,712,667</u>            | <u>\$ (573,909)</u> | <u>\$ (1,654,878)</u> | <u>\$ 28,483,880</u>            |

**LICKING VALLEY LOCAL SCHOOL DISTRICT  
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**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation/Amortization expense was charged to governmental functions as follows:

|                                  |                     |
|----------------------------------|---------------------|
| <u>Instruction:</u>              |                     |
| Regular                          | \$ 3,720,562        |
| Vocational                       | 44,766              |
| <u>Support services:</u>         |                     |
| Administration                   | 27,052              |
| Fiscal                           | 35,663              |
| Plant operation                  | 237,841             |
| Pupil transportation             | 573,752             |
| Central                          | 80,919              |
| Other non-instructional services | 16,578              |
| Extracurricular activities       | <u>414,439</u>      |
| Total depreciation expense       | <u>\$ 5,151,572</u> |

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District did not reduce its coverage during the fiscal year and settled claims have not exceeded this commercial coverage in any of the past three years.

During the fiscal year, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual basis of accounting.

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

Plan Description - The District's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                              | Eligible to<br>Retire after<br>August 1, 2017  |
|------------------------------|---|--|
| Full benefits                | Any age with 30 years of service credit   | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$541,947 for fiscal year 2024. Of this amount, \$30,267 is reported as intergovernmental payable.

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

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,493,817 for fiscal year 2024. Of this amount, \$263,988 is reported as intergovernmental payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

|  | <u>SERS</u>         | <u>STRS</u>          | <u>Total</u>  |
|--|---------------------|----------------------|---------------|
| Proportion of the net pension liability prior measurement date   | 0.092556800%        | 0.079926330%         |               |
| Proportion of the net pension liability current measurement date | <u>0.094787700%</u> | <u>0.077896200%</u>  |               |
| Change in proportionate share                                    | <u>0.002230900%</u> | <u>-0.002030130%</u> |               |
| Proportionate share of the net pension liability                 | \$ 5,237,508        | \$ 16,774,897        | \$ 22,012,405 |
| Pension expense  | \$ 354,436          | \$ 1,346,816         | \$ 1,701,252  |

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>SERS</u>       | <u>STRS</u>         | <u>Total</u>        |
|---|-------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>   |                   |                     |                     |
| Differences between expected and actual experience  | \$ 225,120        | \$ 611,579          | \$ 836,699          |
| Net difference between projected and actual earnings on pension plan investments                                  |                   |                     | -                   |
| Changes of assumptions  | 37,101            | 1,381,503           | 1,418,604           |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 84,904            | 79,591              | 164,495             |
| Contributions subsequent to the measurement date  | <u>541,947</u>    | <u>1,493,817</u>    | <u>2,035,764</u>    |
| Total deferred outflows of resources  | <u>\$ 889,072</u> | <u>\$ 3,566,490</u> | <u>\$ 4,455,562</u> |

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

|  | <u>SERS</u>      | <u>STRS</u>         | <u>Total</u>        |
|--|------------------|---------------------|---------------------|
| <b>Deferred inflows of resources</b>   |                  |                     |                     |
| Differences between expected and actual experience   | \$ -             | \$ 37,223           | \$ 37,223           |
| Net difference between projected and actual earnings on pension plan investments                                     | 73,617           | 50,278              | 123,895             |
| Changes of assumptions   | -                | 1,039,874           | 1,039,874           |
| Difference between employer contributions and proportionate share of contributions/<br>change in proportionate share | <u>-</u>         | <u>428,452</u>      | <u>428,452</u>      |
| Total deferred inflows of resources  | <u>\$ 73,617</u> | <u>\$ 1,555,827</u> | <u>\$ 1,629,444</u> |

\$2,053,764 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 fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | <u>SERS</u>       | <u>STRS</u>       | <u>Total</u>      |
|-----------------------------|-------------------|-------------------|-------------------|
| Fiscal Year Ending June 30: |                   |                   |                   |
| 2025                        | \$ 73,087         | \$ (205,996)      | \$ (132,909)      |
| 2026                        | (165,210)         | (643,937)         | (809,147)         |
| 2027                        | 361,730           | 1,561,473         | 1,923,203         |
| 2028                        | <u>3,901</u>      | <u>(194,694)</u>  | <u>(190,793)</u>  |
| Total                       | <u>\$ 273,508</u> | <u>\$ 516,846</u> | <u>\$ 790,354</u> |

***Actuarial Assumptions - SERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

|   |   |
|---|---|
| Wage inflation:                               |   |
| Current measurement date                      | 2.40%                                       |
| Prior measurement date                        | 2.40%                                       |
| Future salary increases, including inflation: |   |
| Current measurement date                      | 3.25% to 13.58%                             |
| Prior measurement date                        | 3.25% to 13.58%                             |
| COLA or ad hoc COLA:                          |   |
| Current measurement date                      | 2.00%                                       |
| Prior measurement date                        | 2.00%                                       |
| Investment rate of return:                    |   |
| Current measurement date                      | 7.00% net of system expenses                |
| Prior measurement date                        | 7.00% net of system expenses                |
| Discount rate:                                |   |
| Current measurement date                      | 7.00%                                       |
| Prior measurement date                        | 7.00%                                       |
| Actuarial cost method                         | Entry age normal (level percent of payroll) |

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

**Discount Rate** - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

|  | 1% Decrease  | Current<br>Discount Rate | 1% Increase  |
|--|--------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 7,730,295 | \$ 5,237,508             | \$ 3,137,811 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

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

|                                   | June 30, 2023  | June 30, 2022  |
|-----------------------------------|--|--|
| Inflation                         | 2.50%  | 2.50%  |
| Projected salary increases        | Varies by service from 2.50% to 8.50%                  | Varies by service from 2.50% to 8.50%                  |
| Investment rate of return         | 7.00%, net of investment expenses, including inflation | 7.00%, net of investment expenses, including inflation |
| Discount rate of return           | 7.00%  | 7.00%  |
| Payroll increases                 | 3.00%  | 3.00%  |
| Cost-of-living adjustments (COLA) | 0.00%  | 0.00%  |

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

|  | 1% Decrease   | Current<br>Discount Rate | 1% Increase  |
|--|---------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 25,796,081 | \$ 16,774,897            | \$ 9,145,446 |

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

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 10 for a description of the net OPEB liability (asset).

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

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$66,591.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$66,591 for fiscal year 2024. Of this amount, \$66,591 is reported as intergovernmental payable.

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

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share and OPEB expense:

|   | <u>SERS</u>         | <u>STRS</u>          | <u>Total</u>   |
|---|---------------------|----------------------|----------------|
| Proportion of the net OPEB liability/asset prior measurement date   | 0.094463100%        | 0.079926330%         |                |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.097208900%</u> | <u>0.077896200%</u>  |                |
| Change in proportionate share                                       | <u>0.002745800%</u> | <u>-0.002030130%</u> |                |
| Proportionate share of the net OPEB liability                       | \$ 1,601,463        | \$ -                 | \$ 1,601,463   |
| Proportionate share of the net OPEB asset                           | \$ -                | \$ (1,514,973)       | \$ (1,514,973) |
| OPEB expense  | \$ (194,097)        | \$ (73,553)          | \$ (267,650)   |

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>   |                     |                     |                     |
| Differences between expected and actual experience  | \$ 3,337            | \$ 2,365            | \$ 5,702            |
| Net difference between projected and actual earnings on OPEB plan investments                                     | 12,411              | 2,702               | 15,113              |
| Changes of assumptions  | 541,502             | 223,177             | 764,679             |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 128,028             | 6,813               | 134,841             |
| Contributions subsequent to the measurement date  | <u>66,591</u>       | <u>-</u>            | <u>66,591</u>       |
| Total deferred outflows of resources  | <u>\$ 751,869</u>   | <u>\$ 235,057</u>   | <u>\$ 986,926</u>   |
|   | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>        |
| <b>Deferred inflows of resources</b>  |                     |                     |                     |
| Differences between expected and actual experience  | \$ 825,932          | \$ 231,069          | \$ 1,057,001        |
| Changes of assumptions  | 454,830             | 999,558             | 1,454,388           |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>147,410</u>      | <u>34</u>           | <u>147,444</u>      |
| Total deferred inflows of resources   | <u>\$ 1,428,172</u> | <u>\$ 1,230,661</u> | <u>\$ 2,658,833</u> |

**LICKING VALLEY LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

\$66,591 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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

|                             | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>          |
|-----------------------------|---------------------|---------------------|-----------------------|
| Fiscal Year Ending June 30: |                     |                     |                       |
| 2025                        | \$ (258,966)        | \$ (443,085)        | \$ (702,051)          |
| 2026                        | (226,537)           | (203,091)           | (429,628)             |
| 2027                        | (152,436)           | (76,759)            | (229,195)             |
| 2028                        | (92,668)            | (104,679)           | (197,347)             |
| 2029                        | (45,731)            | (95,785)            | (141,516)             |
| Thereafter                  | <u>33,444</u>       | <u>(72,205)</u>     | <u>(38,761)</u>       |
| Total                       | <u>\$ (742,894)</u> | <u>\$ (995,604)</u> | <u>\$ (1,738,498)</u> |

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

|                          |       |
|--------------------------|-------|
| Current measurement date | 2.40% |
| Prior measurement date   | 2.40% |

Future salary increases, including inflation:

|                          |                 |
|--------------------------|-----------------|
| Current measurement date | 3.25% to 13.58% |
| Prior measurement date   | 3.25% to 13.58% |

Investment rate of return:

|                          |   |
|--------------------------|---|
| Current measurement date | 7.00% net of investment<br>expense, including inflation |
| Prior measurement date   | 7.00% net of investment<br>expense, including inflation |

Municipal bond index rate:

|                          |       |
|--------------------------|-------|
| Current measurement date | 3.86% |
| Prior measurement date   | 3.69% |

Single equivalent interest rate, net of plan investment expense,  
including price inflation:

|                          |       |
|--------------------------|-------|
| Current measurement date | 4.27% |
| Prior measurement date   | 4.08% |

Medical trend assumption:

|                          |               |
|--------------------------|---------------|
| Current measurement date | 6.75 to 4.40% |
| Prior measurement date   | 7.00 to 4.40% |

In 2023, the following mortality assumptions were used:

**Healthy Retirees** - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

**Disabled Retirees** - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

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

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

|   | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 2,047,128       | \$ 1,601,463         | \$ 1,250,038       |

|   | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|---|--------------------|-------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 1,176,540       | \$ 1,601,463                  | \$ 2,164,545       |

***Actuarial Assumptions - STRS***

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

|                                      | <u>June 30, 2023</u>                                      |          | <u>June 30, 2022</u>                                      |          |
|--------------------------------------|---|----------|---|----------|
| Inflation                            | 2.50%   |          | 2.50%   |          |
| Projected salary increases           | Varies by service from 2.50%<br>to 8.50%                  |          | Varies by service from 2.50%<br>to 8.50%                  |          |
| Investment rate of return            | 7.00%, net of investment<br>expenses, including inflation |          | 7.00%, net of investment<br>expenses, including inflation |          |
| Payroll increases                    | 3.00%   |          | 3.00%   |          |
| Cost-of-living adjustments<br>(COLA) | 0.00%   |          | 0.00%   |          |
| Discount rate of return              | 7.00%   |          | 7.00%   |          |
| Blended discount rate of return      | N/A   |          | N/A   |          |
| Health care cost trends              |   |          |   |          |
|                                      | Initial   | Ultimate | Initial   | Ultimate |
| Medical                              |   |          |   |          |
| Pre-Medicare                         | 7.50%   | 4.14%    | 7.50%   | 3.94%    |
| Medicare                             | -10.94%   | 4.14%    | -68.78%   | 3.94%    |
| Prescription Drug                    |   |          |   |          |
| Pre-Medicare                         | -11.95%   | 4.14%    | 9.00%   | 3.94%    |
| Medicare                             | 1.33%   | 4.14%    | -5.47%  | 3.94%    |

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

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

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

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

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

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

|   | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB asset | \$ 1,282,227       | \$ 1,514,973                     | \$ 1,717,671       |
|   | <u>1% Decrease</u> | <u>Trend Rate</u>                | <u>1% Increase</u> |
| District's proportionate share<br>of the net OPEB asset | \$ 1,727,077       | \$ 1,514,973                     | \$ 1,259,498       |

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service.

Accumulated, unused vacation time is paid to classified employees and the superintendent upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 51 days for all employees.

Employees receive 3 personal days per year. Upon retirement, payment is made for one-fourth of accrued, but unused personal leave.

Bargaining unit members, who retire under STRS criteria, may receive a retirement incentive payment of fifteen thousand dollars (\$15,000). In order to qualify for this benefit, the bargaining unit member must give written notice to the Superintendent on or before April 1 (or Monday following if April 1 is on a weekend) of the year of retirement and have 34 or fewer years.

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through CM Regent Solutions.

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

**NOTE 13 - LONG-TERM OBLIGATIONS**

A. Activity in the District's long-term obligations during fiscal year 2024 were as follows:

|                                    | Balance              |                   |                       | Balance              | Due within          |
|------------------------------------|----------------------|-------------------|-----------------------|----------------------|---------------------|
| <u>Governmental activities</u>     | <u>June 30, 2023</u> | <u>Additions</u>  | <u>Reductions</u>     | <u>June 30, 2024</u> | <u>One Year</u>     |
| 2012 lease-purchase agreement      | \$ 531,599           | \$ -              | \$ (133,491)          | \$ 398,108           | \$ 133,491          |
| 2015 Refunding Bonds               | 2,735,000            | -                 | (885,000)             | 1,850,000            | 910,000             |
| SBITA                              | 29,876               | -                 | (14,351)              | 15,525               | 15,525              |
| Compensated absences               | 1,316,094            | 216,780           | (289,884)             | 1,242,990            | 104,070             |
| Net pension liability              | 22,773,917           | 231,316           | (992,828)             | 22,012,405           | -                   |
| Net OPEB liability                 | 1,326,272            | 275,191           | -                     | 1,601,463            | -                   |
| Direct Borrowing:                  |                      |                   |                       |                      |                     |
| Financed Purchase Notes payable    |                      |                   |                       |                      |                     |
| Konica Minolta Copiers             | 92,954               | -                 | (15,786)              | 77,168               | 17,078              |
| Total long-term obligations        | <u>\$ 28,805,712</u> | <u>\$ 723,287</u> | <u>\$ (2,331,340)</u> | 27,197,659           | <u>\$ 1,180,164</u> |
| Add: Unamortized premium on bonds  |                      |                   |                       | 50,993               |                     |
| Total on statement of net position |                      |                   |                       | <u>\$ 27,248,652</u> |                     |

The District pays obligations related to compensate absences from the fund benefiting from their service, which includes the general fund, food service other governmental fund and various other state and federal grant other governmental funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefiting from the employee's service. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

2012 Direct Borrowing - Lease-Purchase Agreement: On June 15, 2012, the District entered into a series of one-year renewable lease-purchase agreements with Park National Bank (the Bank), whereas the District leases a parcel of land to the Bank, and subsequently constructs school facilities on the land, and the Bank, in turn, subleases the land, and leases the constructed school facilities to the District. The Bank agreed to pre-pay \$2,000,000 in rental payments in order to fund the construction project. In turn, the District agreed to pay \$2,000,000 under the sublease at an interest rate of 3.55%. The final payment to the Bank is due December 1, 2026. The lease-purchase agreement is paid from the permanent improvement other governmental fund.

Per the renewable lease-purchase agreements with the Bank, the District pledged the field house located at the Licking Valley Middle School and Licking Valley High School as collateral for the debt. In the event that the District prepays the rental payments, the Bank has the right to terminate the agreements. Also, in the event of default, the Bank shall have all of the rights of the field house. In the event of default, the Bank may also exercise the following rights and remedies:

1. By written notice, the District will need to promptly return possession of the field house to the Bank and personal property stored at the field house will be returned to the District.
2. The Bank may sublease the field house for the account of the District, while still holding the District liable for the difference between the applicable rental payments and the payments made by the sublessee.
3. The Bank may proceed under applicable laws of the state or any other applicable law to take court action to enforce the terms of the lease purchase agreements or recover damages from the District.
4. The District will remain liable for all covenants and obligations under the lease purchase agreements, legal fees incurred by the Bank in connection with the enforcement of or collection of the amounts due under the lease-purchase agreements, other costs and expenses, and court costs awarded by the court.

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

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the lease purchase agreement at June 30, 2024, are as follows:

| <u>Fiscal Year</u> | <u>Lease Purchase Agreement</u> |                  |                   |
|--------------------|---------------------------------|------------------|-------------------|
|                    | <u>Principal</u>                | <u>Interest</u>  | <u>Total</u>      |
| 2025               | \$ 133,491                      | \$ 11,933        | \$ 145,424        |
| 2026               | 133,492                         | 7,128            | 140,620           |
| 2026               | 131,125                         | 2,366            | 133,491           |
| Total              | <u>\$ 398,108</u>               | <u>\$ 21,427</u> | <u>\$ 419,535</u> |

General Obligation Refunding Bonds - Series 2015: On September 3, 2015, the District issued general obligation bonds totaling \$7,755,000 to refund a portion of the Series 2005 Refunding Bonds and take advantage of lower interest rates. The Series 2005 Refunding bonds were issued on September 22, 2005 in order to advance refund a portion of the 1999 Building Construction Bonds to take advantage of lower interest rates. The refunding bonds consist entirely of serial bonds with stated interest rates ranging from 2% to 3% and a final maturity date of December 1, 2025. This refunding resulted in cash flow savings of \$825,763 and an economic gain of \$748,054. Defeased bonds outstanding at fiscal year-end were \$0. The 2015 refunding bonds are paid from the debt service fund.

Principal and interest requirements to retire general obligation debt at June 30, 2024, are as follows:

| <u>Fiscal Year</u> | <u>Current Interest Bonds</u> |                  |                     |
|--------------------|-------------------------------|------------------|---------------------|
|                    | <u>Principal</u>              | <u>Interest</u>  | <u>Total</u>        |
| 2025               | \$ 910,000                    | \$ 41,850        | \$ 951,850          |
| 2026               | 940,000                       | 14,100           | 954,100             |
| Total              | <u>\$ 1,850,000</u>           | <u>\$ 55,950</u> | <u>\$ 1,905,950</u> |

2023 Direct Borrowing – Konica Minolta Business Solutions Financed Purchase: In fiscal year 2023 the District entered into a financed purchase agreement with Konica Minolta Premier Finance for the purchase of twenty-three copiers. The leases are being paid out of the general fund.

Per the agreement with Konica Minolta, the titles of the copiers were transferred to the District when the copiers were delivered to the District, and Konica Minolta was made a lien on those titles in order to secure all of the District's obligations. The agreement states that the District has examined the copiers and that full payments towards the leases must be absolute and timely. In the event of a non-appropriation the District must notify Konica Minolta promptly. If the lease is terminated or an event of non-appropriation occurs, the District shall immediately deliver the copiers to Konica Minolta, or where Konica Minolta directs. In the event of default, Konica Minolta may exercise the following rights and remedies.

1. Without notice or demand, Konica Minolta may declare all sums due during the District's current fiscal year.
2. Konica Minolta may sue the District to recover any and all payments then accrued or thereafter accruing with respect to the vehicles.
3. Konica Minolta may take possession of the copiers without demand or notice wherever they may be located, with or without legal process, and retain them free from any claims of the District.
4. Konica Minolta may terminate the lease.
5. Konica Minolta may exercise any other rights, remedies, or privileges available to them.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

The agreements provide for payments as follows:

| <u>Fiscal Year</u> | <u>Financed Purchase - Notes Payable</u> |                  |                  |
|--------------------|--|------------------|------------------|
|                    | <u>Principal</u>                         | <u>Interest</u>  | <u>Total</u>     |
| 2025               | \$ 17,078                                | \$ 5,482         | \$ 22,560        |
| 2026               | 18,476                                   | 4,084            | 22,560           |
| 2027               | 19,989                                   | 2,572            | 22,561           |
| 2028               | 21,625                                   | 936              | 22,561           |
| Total              | <u>\$ 77,168</u>                         | <u>\$ 13,074</u> | <u>\$ 90,242</u> |

The District has outstanding agreements for the right to use subscription-based information technology arrangements (SBITA) which is being paid from the general fund. The future subscription payments were discounted based on the interest rate implicit in the arrangement or using the District's incremental borrowing rate. The discount is being amortized using the interest method over the life of the arrangement. A summary of the principal and interest amounts for the remaining SBITA's is as follows:

| <u>Fiscal Year</u> | <u>SBITA</u>     |                 |                  |
|--------------------|------------------|-----------------|------------------|
|                    | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
| 2025               | <u>\$ 15,525</u> | <u>\$ 1,270</u> | <u>\$ 16,795</u> |

**NOTE 14 - SET-ASIDES**

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

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

|   | <u>Capital<br/>Improvements</u> |
|---|---------------------------------|
| Set-aside balance June 30, 2023             | \$ -                            |
| Current year set-aside requirement          | 454,699                         |
| Current year offsets                        | (454,699)                       |
| Prior year offset from bond proceeds        | -                               |
| Total                                       | <u>\$ -</u>                     |
| Balance carried forward to fiscal year 2025 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2024             | <u>\$ -</u>                     |

The District had qualifying disbursements and current year offsets that would have reduced the fiscal year- end balance below zero; however, since negative amounts may not be used to reduce the set-aside requirement in future fiscal years, the current fiscal year offset amount was limited to an amount necessary to reduce the fiscal year-end balance to zero.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

The Career and Technology Education Centers of Licking County is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 9 participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Career and Technology Education Centers of Licking County at 150 Price Road, Newark, Ohio 43055.

The District participates in the Metropolitan Educational Technology Association (META), a jointly governed organization. The organization is composed of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. The META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the program. The District's membership payment to META for fiscal year 2024 was \$79,320. Financial information may be obtained from the Metropolitan Educational Technology Association, Ashley Widby, who serves as Chief Financial Officer, at 2100 Citygate Dr., Columbus, OH 43219.

The Educational Service Center of Central Ohio is one of sixteen (16) centers in Ohio, which serves as the organizational structure offering multi-district special educational services. Each SERRC is designed to initiate, expand, and improve the delivery of special education services to children with disabilities ages 3 through 21. The governing board of ESCCO consists of superintendents or a designated representative from each school district. Financial information may be obtained from the Educational Service Center of Central Ohio at 2080 Citygate Drive, Columbus, Ohio, 43219.

**NOTE 16 - INSURANCE PURCHASING POOL**

Ohio School Boards Association Workers' Compensation Group Rating Plan - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2024, if applicable, cannot be determined at this time.

**B. Litigation**

There are currently no matters in litigation with the District as a defendant.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 17 – CONTINGENCIES – (Continued)**

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the District.

**NOTE 18 - INTERFUND TRANSACTIONS**

**A. Transfers**

Interfund transfers for the fiscal year ended June 30, 2024, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:  
Nonmajor governmental funds

\$ 838,529

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers made in fiscal year 2024 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**B. Interfund loans**

Interfund loans consisted of the following at June 30, 2024, as reported on the fund financial statements:

Interfund loan receivable:  
General

Interfund loan payable  
Nonmajor governmental fund

Amount  
\$ 235,481

The primary purpose of the interfund balances is to cover the movement of funds related to activity where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 19 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At fiscal year-end, the District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u>  | <u>Year-End<br/>Encumbrances</u> |
|--------------|----------------------------------|
| General fund | <u>\$ 15,700</u>                 |

## REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

|   | <b>Budgeted Amounts</b> |                      | <b>Actual Amounts<br/>Budgetary<br/>Basis</b> | <b>Variance with<br/>Final Budget -<br/>Over (Under)<br/>Actual Amounts</b> |
|---|-------------------------|----------------------|---|---|
|   | <b>Original</b>         | <b>Final</b>         |   |   |
| Budgetary revenues and other financing sources          | \$ 23,844,431           | \$ 26,531,424        | \$ 26,477,409                                 | \$ (54,015)   |
| <b>Budgetary expenditures and other financing uses:</b> |                         |                      |   |   |
| Salaries and wages                                      | 13,213,834              | 13,662,271           | 12,996,496                                    | (665,775)   |
| Fringe benefits   | 3,914,981               | 4,065,329            | 3,783,757                                     | (281,572)   |
| Purchased services                                      | 3,865,989               | 3,517,470            | 2,832,358                                     | (685,112)   |
| Materials and supplies                                  | 1,268,867               | 1,084,343            | 958,511                                       | (125,832)   |
| Capital outlay  | 598,626                 | 462,522              | 367,812                                       | (94,710)  |
| Other   | 336,855                 | 372,777              | 305,202                                       | (67,575)  |
| Transfers out and advances out                          | 804,300                 | 1,074,011            | 1,074,010                                     | (1)   |
| Total budgetary expenditures and other financing uses   | <u>24,003,452</u>       | <u>24,238,723</u>    | <u>22,318,146</u>                             | <u>(1,920,577)</u>  |
| Net change in fund balance                              | (159,021)               | 2,292,701            | 4,159,263                                     | 1,866,562   |
| <b>Budgetary fund balance at beginning of year</b>      | 13,815,752              | 13,815,752           | 13,815,752                                    | -   |
| <b>Prior year encumbrances appropriated</b>             | 62,167                  | 62,167               | 62,167  | -   |
| <b>Budgetary fund balance at end of year</b>            | <u>\$ 13,718,898</u>    | <u>\$ 16,170,620</u> | <u>\$ 18,037,182</u>                          | <u>\$ 1,866,562</u>   |

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1)</b> | <b>District's<br/>Proportion<br/>of the Net<br/>Pension Liability</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability</b> |
|----------------------------|---|--|---|---|---|
| 2024                       | 0.094787700%  | \$ 5,237,508   | \$ 3,745,764                              | 139.82%   | 76.06%  |
| 2023                       | 0.092556800%  | 5,006,192  | 3,540,207                                 | 141.41%   | 75.82%  |
| 2022                       | 0.098880700%  | 3,648,411  | 3,416,679                                 | 106.78%   | 82.86%  |
| 2021                       | 0.094887800%  | 6,276,079  | 3,332,771                                 | 188.31%   | 68.55%  |
| 2020                       | 0.094562900%  | 5,657,864  | 3,249,785                                 | 174.10%   | 70.85%  |
| 2019                       | 0.094058800%  | 5,386,922  | 3,103,415                                 | 173.58%   | 71.36%  |
| 2018                       | 0.092051200%  | 5,499,856  | 2,917,579                                 | 188.51%   | 69.50%  |
| 2017                       | 0.094080800%  | 6,885,846  | 2,902,979                                 | 237.20%   | 62.98%  |
| 2016                       | 0.093139000%  | 5,314,602  | 2,826,259                                 | 188.04%   | 69.16%  |
| 2015                       | 0.092278000%  | 4,692,543  | 2,648,143                                 | 177.20%   | 71.70%  |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|---|--|---|---|---|
| 2024                   | \$ 541,947  | \$ (541,947)   | \$ -  | \$ 3,871,050                              | 14.00%  |
| 2023                   | 524,407   | (524,407)  | -   | 3,745,764                                 | 14.00%  |
| 2022                   | 495,629   | (495,629)  | -   | 3,540,207                                 | 14.00%  |
| 2021                   | 478,335   | (478,335)  | -   | 3,416,679                                 | 14.00%  |
| 2020                   | 466,588   | (466,588)  | -   | 3,332,771                                 | 14.00%  |
| 2019                   | 438,721   | (438,721)  | -   | 3,249,785                                 | 13.50%  |
| 2018                   | 418,961   | (418,961)  | -   | 3,103,415                                 | 13.50%  |
| 2017                   | 408,461   | (408,461)  | -   | 2,917,579                                 | 14.00%  |
| 2016                   | 406,417   | (406,417)  | -   | 2,902,979                                 | 14.00%  |
| 2015                   | 372,501   | (372,501)  | -   | 2,826,259                                 | 13.18%  |

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior fiscal year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1)</b> | <b>District's<br/>Proportion<br/>of the Net<br/>Pension Liability</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>Pension Liability as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total Pension<br/>Liability</b> |
|----------------------------|---|--|---|---|---|
| 2024                       | 0.077896200%  | \$ 16,774,897  | \$ 10,263,979                             | 163.43%   | 80.02%  |
| 2023                       | 0.079926330%  | 17,767,725   | 10,818,450                                | 164.24%   | 78.88%  |
| 2022                       | 0.079871820%  | 10,212,330   | 9,832,307                                 | 103.87%   | 87.78%  |
| 2021                       | 0.078052200%  | 19,068,059   | 9,642,864                                 | 197.74%   | 75.48%  |
| 2020                       | 0.078221390%  | 17,298,190   | 8,301,414                                 | 208.38%   | 77.40%  |
| 2019                       | 0.078551780%  | 17,271,773   | 8,049,336                                 | 214.57%   | 77.31%  |
| 2018                       | 0.078273550%  | 18,594,050   | 7,776,929                                 | 239.09%   | 75.30%  |
| 2017                       | 0.079006020%  | 26,445,696   | 7,538,336                                 | 350.82%   | 66.80%  |
| 2016                       | 0.076887100%  | 21,249,345   | 7,224,098                                 | 294.15%   | 72.10%  |
| 2015                       | 0.075400740%  | 18,340,069   | 7,067,136                                 | 259.51%   | 74.70%  |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|---|--|---|---|---|
| 2024                   | \$ 1,493,817  | \$ (1,493,817)   | \$ -  | \$ 10,670,121                             | 14.00%  |
| 2023                   | 1,436,957   | (1,436,957)  | -   | 10,263,979                                | 14.00%  |
| 2022                   | 1,514,583   | (1,514,583)  | -   | 10,818,450                                | 14.00%  |
| 2021                   | 1,376,523   | (1,376,523)  | -   | 9,832,307                                 | 14.00%  |
| 2020                   | 1,350,001   | (1,350,001)  | -   | 9,642,864                                 | 14.00%  |
| 2019                   | 1,162,198   | (1,162,198)  | -   | 8,301,414                                 | 14.00%  |
| 2018                   | 1,126,907   | (1,126,907)  | -   | 8,049,336                                 | 14.00%  |
| 2017                   | 1,088,770   | (1,088,770)  | -   | 7,776,929                                 | 14.00%  |
| 2016                   | 1,055,367   | (1,055,367)  | -   | 7,538,336                                 | 14.00%  |
| 2015                   | 1,011,374   | (1,011,374)  | -   | 7,224,100                                 | 14.00%  |

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior fiscal year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY AND  
DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1) (2)</b> | <b>District's<br/>Proportion<br/>of the Net<br/>OPEB Liability</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB Liability</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB Liability as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total OPEB<br/>Liability</b> |
|--------------------------------|--|---|---|--|--|
| 2024                           | 0.097208900%   | \$ 1,601,463  | \$ 3,745,764                              | 42.75%   | 30.02%   |
| 2023                           | 0.094463100%   | 1,326,272   | 3,540,207                                 | 37.46%   | 30.34%   |
| 2022                           | 0.101315000%   | 1,917,464   | 3,416,679                                 | 56.12%   | 24.08%   |
| 2021                           | 0.098051000%   | 2,130,967   | 3,332,771                                 | 63.94%   | 18.17%   |
| 2020                           | 0.096206000%   | 2,419,386   | 3,249,785                                 | 74.45%   | 15.57%   |
| 2019                           | 0.094955200%   | 2,634,314   | 3,103,415                                 | 84.88%   | 13.57%   |
| 2018                           | 0.092679400%   | 2,487,272   | 2,917,579                                 | 85.25%   | 12.46%   |
| 2017                           | 0.094109300%   | 2,682,464   | 2,902,979                                 | 92.40%   | 11.49%   |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|---|--|---|---|---|
| 2024                   | \$ 66,591   | \$ (66,591)  | \$ -  | \$ 3,871,050                              | 2.00%   |
| 2023                   | 69,292  | (69,292)   | -   | 3,745,764                                 | 1.85%   |
| 2022                   | 60,784  | (60,784)   | -   | 3,540,207                                 | 1.72%   |
| 2021                   | 62,111  | (62,111)   | -   | 3,416,679                                 | 1.82%   |
| 2020                   | 61,032  | (61,032)   | -   | 3,332,771                                 | 1.83%   |
| 2019                   | 71,680  | (71,680)   | -   | 3,249,785                                 | 2.21%   |
| 2018                   | 64,750  | (64,750)   | -   | 3,103,415                                 | 2.09%   |
| 2017                   | 47,130  | (47,130)   | -   | 2,917,579                                 | 1.62%   |
| 2016                   | 44,820  | (44,820)   | -   | 2,902,979                                 | 1.54%   |
| 2015                   | 68,281  | (68,281)   | -   | 2,826,259                                 | 2.42%   |

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior fiscal year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 fiscal years.

Additional fiscal years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/(ASSET) AND  
DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT AND TEN FISCAL YEARS

| <b>Fiscal<br/>Year (1) (2)</b> | <b>District's<br/>Proportion<br/>of the Net OPEB<br/>Liability/(Asset)</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB<br/>Liability/(Asset)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>District's<br/>Proportionate<br/>Share of the Net<br/>OPEB<br/>Liability/(Asset) as<br/>a Percentage of its<br/>Covered Payroll</b> | <b>Plan Fiduciary<br/>Net Position as a<br/>Percentage of the<br/>Total OPEB<br/>Liability/(Asset)</b> |
|--------------------------------|--|---|---|--|--|
| 2024                           | 0.077896200%   | \$ (1,514,973)  | \$ 10,263,979                             | 14.76%   | 168.52%  |
| 2023                           | 0.079926330%   | (2,069,559)   | 10,818,450                                | 19.13%   | 230.73%  |
| 2022                           | 0.079872000%   | (1,684,036)   | 9,832,307                                 | 17.13%   | 174.73%  |
| 2021                           | 0.078805000%   | (1,384,996)   | 9,642,864                                 | 14.36%   | 182.10%  |
| 2020                           | 0.078221000%   | (1,295,527)   | 8,301,414                                 | 15.61%   | 174.74%  |
| 2019                           | 0.078551780%   | (1,262,247)   | 8,049,336                                 | 15.68%   | 176.00%  |
| 2018                           | 0.078273550%   | 3,053,945   | 7,776,929                                 | 39.27%   | 47.10%   |
| 2017                           | 0.079006020%   | 4,225,262   | 7,538,336                                 | 56.05%   | 37.30%   |

| <b>Fiscal<br/>Year</b> | <b>Contractually<br/>Required<br/>Contributions</b> | <b>Contributions in<br/>Relation to the<br/>Contractually<br/>Required<br/>Contributions</b> | <b>Contribution<br/>Deficiency<br/>(Excess)</b> | <b>District's<br/>Covered<br/>Payroll</b> | <b>Contributions<br/>as a Percentage<br/>of Covered<br/>Payroll</b> |
|------------------------|---|--|---|---|---|
| 2024                   | \$ -  | \$ -   | \$ -  | \$ 10,670,121                             | 0.00%   |
| 2023                   | -   | -  | -   | 10,263,979                                | 0.00%   |
| 2022                   | -   | -  | -   | 10,818,450                                | 0.00%   |
| 2021                   | -   | -  | -   | 9,832,307                                 | 0.00%   |
| 2020                   | -   | -  | -   | 9,642,864                                 | 0.00%   |
| 2019                   | -   | -  | -   | 8,301,414                                 | 0.00%   |
| 2018                   | -   | -  | -   | 8,049,336                                 | 0.00%   |
| 2017                   | -   | -  | -   | 7,776,929                                 | 0.00%   |
| 2016                   | -   | -  | -   | 7,538,336                                 | 0.00%   |
| 2015                   | -   | -  | -   | 7,224,100                                 | 0.00%   |

(1) Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior fiscal year-end.

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 fiscal years.

Additional fiscal years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BUDGETARY PROCESS**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the fiscal year on the budget basis to the GAAP basis is as follows:

**Net Change in Fund Balance**

|   | <u>General fund</u>        |
|---|----------------------------|
| Budget basis                            | \$ 4,159,263               |
| Net adjustment for revenue accruals     | (1,135,710)                |
| Net adjustment for expenditure accruals | 841,932                    |
| Net adjustment for other sources/uses   | (838,529)                  |
| Funds budgeted elsewhere                | <u>7,947</u>               |
| GAAP Basis                              | <u><u>\$ 3,034,903</u></u> |

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the public school support fund.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PENSION**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

**STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

**LICKING VALLEY LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

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

| <b>FEDERAL GRANTOR<br/>Pass Through Grantor<br/>Program / Cluster Title</b> | <b>Federal<br/>AL<br/>Number</b> | <b>Pass Through<br/>Entity Identifying<br/>Number</b> | <b>Total Federal<br/>Expenditures</b> |
|---|----------------------------------|---|---------------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                       |                                  |   |                                       |
| <b>Passed Through Ohio Department of Education:</b>                         |                                  |   |                                       |
| Child Nutrition Cluster:  |                                  |   |                                       |
| Non-Cash Assistance (Food Distribution):                                    |                                  |   |                                       |
| Fresh Fruit and Vegetable Program   | 10.582                           | N/A   | \$ 28,923                             |
| National School Lunch Program   | 10.555                           | N/A   | 66,391                                |
| Non-Cash Assistance (Food Distribution) Subtotal                            |                                  |   | <u>95,314</u>                         |
| Cash Assistance:  |                                  |   |                                       |
| School Breakfast Program  | 10.553                           | N/A   | 161,576                               |
| COVID-19 National School Lunch Program                                      | 10.555                           | N/A   | 56,716                                |
| National School Lunch Program   | 10.555                           | N/A   | 461,206                               |
| Cash Assistance Subtotal  |                                  |   | <u>679,498</u>                        |
| Total Child Nutrition Cluster:  |                                  |   | <u>774,812</u>                        |
| <b>Total U.S. Department of Agriculture</b>                                 |                                  |   | <u><b>774,812</b></u>                 |
| <b>U.S. DEPARTMENT OF EDUCATION</b>   |                                  |   |                                       |
| <b>Passed Through Ohio Department of Education:</b>                         |                                  |   |                                       |
| Title I Grants to Local Educational Agencies                                | 84.010A                          | N/A   | 413,717                               |
| Special Education Cluster:  |                                  |   |                                       |
| Special Education Grants to States  | 84.027A                          | N/A   | 501,918                               |
| COVID-19 Special Education Grants to States                                 | 84.027X                          | N/A   | 17,033                                |
| Special Education Preschool Grants  | 84.173                           | N/A   | 11,313                                |
| Total Special Education Cluster   |                                  |   | <u>530,264</u>                        |
| Supportive Effective Instruction State Grant                                | 84.367A                          | N/A   | 60,399                                |
| Student Support and Academic Enrichment Program                             | 84.424                           | N/A   | 40,852                                |
| COVID-19 Elementary and Secondary School Relief Fund - ESSER II             | 84.425D                          | N/A   | 83,076                                |
| COVID-19 Elementary and Secondary School Relief Fund - ARP ESSER            | 84.425U                          | N/A   | 499,637                               |
| COVID-19 Elementary and Secondary School Relief Fund - ARP Homeless II      | 84.425W                          | N/A   | 20,986                                |
| Total Elementary and Secondary School Emergency Relief Fund                 |                                  |   | <u>603,699</u>                        |
| <b>Total U.S. Department of Education</b>                                   |                                  |   | <u><b>1,648,931</b></u>               |
| <b>U.S. DEPARTMENT OF TREASURY</b>  |                                  |   |                                       |
| <b>Passed Through Office of Budget Management</b>                           |                                  |   |                                       |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds                  | 21.027                           | N/A   | <u>65,428</u>                         |
| <b>Total Expenditures of Federal Awards</b>                                 |                                  |   | <u><b>\$ 2,489,171</b></u>            |

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

**LICKING VALLEY LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Licking Valley Local School District, Licking County (the District) under programs of the federal government for the fiscal year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at fair value. The District allocated donated commodities to the respective program that benefited from use of those donated food commodities.

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

Licking Valley Local School District  
Licking County  
1379 Licking Valley Road NE  
Newark, Ohio 43055

To the Board of Education:

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 governmental activities, each major fund, and the aggregate remaining fund information of the Licking Valley Local School District, Licking County, (the District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2024.

***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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

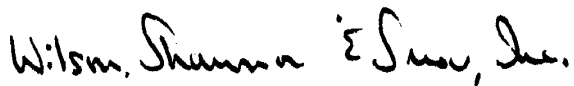
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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.



Newark, Ohio  
December 16, 2024

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

Licking Valley Local School District  
Licking County  
1379 Licking Valley Road NE  
Newark, Ohio 43055

To the Board of Education:

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

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

We have audited the Licking Valley Local School District's, Licking County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the fiscal year ended June 30, 2024. The District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Licking Valley Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal program for the fiscal year ended June 30, 2024.

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

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

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

***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Licking Valley Local School District  
Licking County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control  
Over Compliance Required by the Uniform Guidance  
Page 3

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

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

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

*Wilson, Shannon E Snow, Inc.*

Newark, Ohio  
December 16, 2024

**LICKING VALLEY LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

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

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

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

# OHIO AUDITOR OF STATE KEITH FABER



**LICKING VALLEY LOCAL SCHOOL DISTRICT**

**LICKING COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/18/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)