Southwest Licking Community Water and Sewer District
Licking County, Ohio

Basic Financial Statements

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For the Years Ended December 31, 2022 and 2021

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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Southwest Licking Community Water and Sewer District
Licking County, Ohio
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For the Years Ended December 31, 2022and 2021

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CERTIFIED PUBLIC ACCOUNTANTS

May 9, 2022

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

ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Southwest Licking Community Water and Sewer District, Licking County, Ohio, which collectively comprise the District's basic financial statements as listed in the table of contents as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management, and we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis on pages 3 through 8 and the Required Supplementary Information on pages 42 through 47 are not a required part of the basic financial statements but are required supplementary information in accordance with accounting principles generally accepted in the United States of America. The Supplementary Information on pages 48 through 53 is not a required part of the basic financial statements, but is presented by management to provide additional information regarding the District's financial activities. The Required Supplementary Information on pages 3 through 8 and pages 42 through 47 and the Supplementary Information on pages 48 through 53 has been compiled by us, without audit or review and we do not express an opinion, a conclusion, nor provide any assurance on this information.

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

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of SWLCWSD exceeded liabilities and deferred inflows of resources on December 31, 2022 by $50.4 million and on December 31, 2021 by $43.5 million. The District's net position as shown on page 6 increased by $6.9 million (15.82%) in 2022 and increased by $8.9 million (25.7%) in 2021.

The District's operating revenues increased by $49 thousand (0.56%) in 2022 and increased by $330 thousand (3.9%) in 2021. Operating expenses (excluding depreciation and amortization expenses) increased $1.5 million (43.73%) in 2022 and (excluding depreciation and amortization expenses) decreased $1.3 million (28.0%) in 2021. Depreciation and amortization expense increased by $558 thousand (17.9%) in 2022 and increased by $34 thousand (1.1%) in 2021. The District's non-operating revenues decreased by $2.9 million (39.86%) in 2022 and increased by $2.2 million (41.7%) in 2021. The District's non-operating expenses decreased by $71.7 thousand (5.96%) in 2022 and decreased by $216 thousand (15.2%) in 2021.

The District issued $212,567 of additional long-term debt in 2022 and $4,915,853 of additional long-term debt in 2021.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

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

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

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

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

STATEMENTS OF NET POSITION

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

Table 1	**2022**	**2021**	**Change Amount**	**2020**	**Change Amount**
Current and Other Assets	$ 30,961,992	$ 30,827,797	$ 134,195	$ 25,919,751	$ 4,908,046
Restricted Assets	45,949	45,930	19	45,926	4
Capital Assets, Net	61,457,774	56,867,784	4,589,990	52,330,745	4,537,039
Total Assets	92,465,715	87,741,511	4,724,204	78,296,422	9,445,089
Deferred Outflows of Resources					
Pensions	539,711	358,552	181,159	305,582	52,970
OPEB	49,682	167,018	(117,336)	194,138	(27,120)
Total Deferred Outflows of Resources	589,393	525,570	63,823	499,720	25,850
Long Term Liabilities	30,374,658	33,330,769	(2,956,111)	32,624,143	706,626
Current and Other Liabilities	4,450,963	3,708,320	742,643	4,564,692	(856,372)
Total Liabilities	34,825,621	37,039,089	(2,213,468)	37,188,835	(149,746)
Deferred Inflows of Resources					
Unearned Special Assessments	6,433,142	6,623,909	(190,767)	6,459,418	164,491
Pensions	1,063,027	590,256	472,771	341,840	248,416
OPEB	320,444	485,555	(165,111)	155,497	330,058
Total Deferred Inflows of Resources	7,816,613	7,699,720	116,893	6,956,755	742,965
Net Position					
Net Investment in Capital Assets	29,193,451	22,646,140	6,547,311	19,419,047	3,227,093
Unrestricted	21,219,423	20,882,132	337,291	15,231,505	5,650,627
Total Net Position	$ 50,412,874	$ 43,528,272	$ 6,884,602	$ 34,650,552	$ 8,877,720

The net pension liability (NPL) is a liability reported by the District at December 31, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The postemployment benefits (OPEB) liability (asset) is a liability (asset) reported by the District at December 31, 2022 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability (asset)*. 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 (asset) to equal the District's proportionate share of each plan's collective:

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

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

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

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

The District's net position as shown on page 4 increased by $6.9 million (15.82%) in 2022 and increased by $8.9 million (25.6%) in 2021. It is important to note that beginning net position for 2021 was restated, but the financial information on page 4 was not restated for fiscal year 2020.

The increase in 2022 is primarily due to the increase in total assets of approximately $4.7 million and decreases in total liabilities. The increase in total assets is mainly due to an increase in net capital assets and a slight decrease in special assessments receivable. Net capital assets increased primarily due to capital asset additions which were partially offset by current year depreciation. Assessment receivables decreased due to assessment payments received. The change in total liabilities is primarily due to the principal payments on long term debt and a decrease in the net pension liability offset by contract payables and retainage.

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

Unrestricted net position increased by $337 thousand (1.6%) in 2022 and increased by $5.7 million (37.1%) in 2021. Unrestricted net assets may be used without constraints established by legal requirements. Cash and cash equivalents increased $141 thousand (0.62%) in 2022 and increased $4.9 million (27%) in 2021.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

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

Table 2

	2022	2021	Change	2020	Change
Operating Revenues	$ 8,760,578	$ 8,711,912	$ 48,666	$ 8,381,848	$ 330,064
Operating Expenses (Excluding Depreciation)	4,825,432	3,357,274	1,468,158	4,663,629	(1,306,355)
Depreciation	3,670,842	3,112,399	558,443	3,078,800	33,599
Total Operating Expenses	**8,496,274**	**6,469,673**	**2,026,601**	**7,742,429**	(1,272,756)
Operating Income/(Loss)	264,304	2,242,239	(1,977,935)	639,419	1,602,820
Non-Operating Revenues	4,438,654	7,380,353	(2,941,699)	5,208,457	2,171,896
Non-Operating Expenses	1,131,263	1,202,986	(71,723)	1,419,148	(216,162)
Capital Contributions	3,312,907	458,114	2,854,793	925,599	(467,485)
Changes in Net Position	**6,884,602**	**8,877,720**	**(1,993,118)**	**5,354,327**	**3,523,393**
Net Position at Beginning of Year	**43,528,272**	**34,650,552** *	**8,877,720**	**29,296,225**	**5,354,327**
Net Position at End of Year	**$ 50,412,874**	**$ 43,528,272**	**$ 6,884,602**	**$ 34,650,552**	**$ 8,877,720**

* Net position restated.

Operating revenues increased $49 thousand (0.56%) in 2022. This increase was related to an increase in service revenues received from customers. Non-operating revenues decreased $2.9 million (39.86%) in 2022. This decrease is primarily due to a decrease in tap fee and capacity fee income and a decrease in miscellaneous income which was partially offset by an increase in interest income. The decreases in tap fee and capacity fee revenue is the result of less construction activity during 2022. These revenues remain a substantial source of revenues for 2022. There were capital contributions of $3.3 million in 2022 (an increase of $2.9 million from 2021). The increase was due to donated lines from developers in 2022 which were more than in 2021, and the receipt of more deferred special assessment revenue in 2022. Capital contributions will fluctuate from year to year depending on developer construction activity, grants available from the federal and state governments and deferred agricultural special assessments being collected from property converted from agricultural use.

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

Operating expenses, excluding depreciation and amortization, increased $1.5 million (43.7%) in 2022. This increase was primarily due to an increase in salaries, an increase in pension and OPEB expense, and an increase in maintenance and repair expenses. These increases in expenses were partially offset by decreases engineering and legal expenses. Depreciation expense increased from 2021. Interest expense decreased because principal balances on loans for which payments were required during 2022 had decreased.

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

CAPITAL ASSETS

The District had $146.1 million invested in capital assets (before accumulated depreciation of $84.6 million) at the end of 2022. This amount is an increase of $8.3 million (6.0%) from the previous year. Additional information regarding capital assets can be found in Note F to the basic financial statements.

Table 3

	2022	2021	Change Amount	2020	Change Amount
Capital Assets Not Being Depreciated:					
Land	$ 3,711,927	$ 2,699,166	$ 1,012,761	$ 1,395,946	$ 1,303,220
Land Easements	495,754	379,406	116,348	379,406	-
Construction in Progress	4,563,970	6,278,244	(1,714,274)	940,338	5,337,906
Total Capital Assets Not Being Depreciated	8,771,651	9,356,816	(585,165)	2,715,690	6,641,126
Capital Assets Being Depreciated (Net of Accumulated Depreciation):					
Land Improvements	1,374	1,437	(63)	1,500	(63)
Facilities, Lines & Related Infrastructure	45,173,831	42,700,343	2,473,488	45,131,571	(2,431,228)
Donated Developer Lines	6,302,388	3,757,038	2,545,350	3,475,904	281,134
Vehicles	421,193	381,207	39,986	404,853	(23,646)
Office Furniture and Equipment	48,826	32,248	16,578	39,915	(7,667)
General Equipment	735,102	634,580	100,522	556,491	78,089
Safety Equipment	3,409	4,115	(706)	4,821	(706)
Total Capital Assets Being Depreciated (Net)	52,686,123	47,510,968	5,175,155	49,615,055	(2,104,087)
Net Capital Assets	**$ 61,457,774**	**$ 56,867,784**	**$ 4,589,990**	**$ 52,330,745**	**$ 4,537,039**

DEBT

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

Table 4	**2022**	**2021**	**Change Amount**	**2020**	**Change Amount**
OWDA Loans	$ 29,721,537	$ 31,961,650	$ (2,240,113)	$ 30,495,762	$ 1,465,888
OPWC Loans	1,488,402	1,684,218	(195,816)	1,769,742	(85,524)
ODOT Loans	105,854	136,097	(30,243)	166,341	(30,244)
Rotary Commission Loans	346,941	346,941	-	346,941	-
Highland Hills Recoupment Agreement	225,835	225,835	-	225,835	-
Total Long Term Debt	31,888,569	34,354,741	(2,466,172)	33,004,621	1,350,120
Less: Current Maturities	2,680,189	2,670,700	9,489	3,447,217	(776,517)
Net Total Long Term Debt	$ 29,208,380	$ 31,684,041	$ (2,475,661)	$ 29,557,404	$ 2,126,637

CASH

Cash and cash equivalents on December 31, 2022 and 2021 were $22.9 million and $22.8 million, respectively. $46 thousand of these funds in 2022 and $46 thousand of these funds in 2021 were restricted for specific use. These accounts are for escrowed contractor bonds.

CONTACT INFORMATION

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

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Net Position
As of December 31, 2022 and 2021

	2022	2021
Current Assets:		
Cash and Cash Equivalents	$ 22,895,421	$ 22,754,661
Petty cash	515	515
Intergovernmental Receivable	66,324	-
Accounts receivable - operating billings less allowance for doubtful accounts ($125,000 in 2022 and $125,000 in 2021)	868,165	866,290
Prepaid items	86,079	74,268
Meter inventory	87,219	43,138
Total current assets	24,003,723	23,738,872
Noncurrent assets:		
Restricted Assets:		
Cash in savings-contractor bonds	45,949	45,930
Total restricted assets	45,949	45,930
Capital Assets:		
Non-Depreciable Capital Assets	8,771,651	9,356,816
Depreciable Capital Assets	52,686,123	47,510,968
Total Capital Assets, Net	61,457,774	56,867,784
Other Assets:		
Net OPEB Asset	310,146	158,916
Assessment receivables-water	4,132,064	4,217,942
Assessment receivables-sewer	2,516,059	2,712,067
Total other assets	6,958,269	7,088,925
Total Assets	$ 92,465,715	$ 87,741,511
Deferred Outflows of Resources		
Pensions	539,711	358,552
OPEB	49,682	167,018
Total Deferred Outflows of Resources	$ 589,393	$ 525,570

(Continued on the following page)

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Net Position - Continued
As of December 31, 2022 and 2021

LIABILITIES	2022	2021
Current Liabilities:		
Accounts payable	$ 311,920	$ 213,435
Deposits payable to developers	644,839	550,146
Contractor bonds payable	92,335	82,335
Contractor retainage payable	76,843	-
Contracts payable	404,765	3,000
Project bonds payable	43,970	-
Accrued employee wages	70,811	65,900
Note payable - current portion	2,680,189	2,670,700
Payroll taxes accrued and withheld	107,900	105,511
Compensated absences - current portion	17,391	17,293
Total current liabilities	4,450,963	3,708,320
Long Term Liabilities:		
Compensated absences	288,755	228,435
Net pension liability	877,523	1,418,293
Notes and recoupment agreements payable	29,208,380	31,684,041
Total long term liabilities	30,374,658	33,330,769
Total Liabilities	34,825,621	37,039,089
Deferred Inflows of Resources:		
Pension	1,063,027	590,256
OPEB	320,444	485,555
Unearned special assessments	6,433,142	6,623,909
Total Deferred Inflows of Resources	7,816,613	7,699,720
Net Position:		
Net investment in capital assets	29,193,451	22,646,140
Unrestricted	21,219,423	20,882,132
Total net position	$ 50,412,874	$ 43,528,272

See Accountant's Compilation Report.

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

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Service revenues	$ 8,551,197	$ 8,521,010
Late charges	209,381	190,902
Total operating revenues	8,760,578	8,711,912
OPERATING EXPENSES		
Salaries	1,995,833	1,516,212
Training	26,793	6,473
Medicare tax expense	28,057	21,795
P.E.R.S., pension and OPEB expense	(182,182)	(748,902)
Workers compensation	23,277	18,607
Operations and testing	33,326	27,013
Chemicals and operating supplies	386,466	260,669
Biosolids processing	114,124	74,078
Refuse	5,909	3,974
Equipment rental	9,576	9,338
Repairs and maintenance	899,689	648,358
Engineering	17,312	101,041
Legal	87,305	154,102
Accounting	12,650	12,650
Board designated expenses	35	474
Audit fees	13,236	12,990
Advertising and communications	971	1,415
Insurance:		
General	90,684	71,120
Health	529,577	402,986
Life	3,791	2,312
Telephone	37,348	43,160
Utilities	512,534	508,439
Office supplies	22,155	26,412
Cleaning	10,285	9,861
Postage	39,692	35,382
Real estate taxes	10,504	-
Security	1,274	1,049
Uniform rental	10,117	6,300
Small tools	6,830	194
Vehicle expense	2,004	1,557
Dues and subscriptions	2,784	7,750
Licenses	62,260	46,417
General manager discretionary	429	285
Purchase of Water	10,787	73,763
Depreciation	3,670,842	3,112,399
Total operating expenses	8,496,274	6,469,673
Operating income	264,304	2,242,239
NON-OPERATING REVENUES (EXPENSES)		
Debt service fee income	1,178,265	1,042,772
Inspection revenue	4,780	2,005
Tap fee income	2,636,764	5,462,594
Capacity fee revenue	29,529	175,835
Refund of prior year capacity fee revenues	(111,100)	-
Interest income	323,318	139,974
Intergovernmental	92,970	138,174
Miscellaneous income	173,028	412,066
Gain on sale of capital assets	-	6,933
Interest expense	(1,020,163)	(1,202,986)
Total non-operating revenues (expenses)	3,307,391	6,177,367
Changes in net position before capital contributions	3,571,695	8,419,606
Capital contributions - special assessments	215,765	39,171
Capital contributions - intergovernmental	389,367	-
Capital contributions - developers	2,707,775	418,943
Changes in net position	6,884,602	8,877,720
Net position, beginning of year	43,528,272	34,650,552
Net position, end of year	$ 50,412,874	$ 43,528,272

See Accountant's Compilation Report.

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

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash received from customers	$ 8,758,703	$ 8,678,823
Cash payments to suppliers for goods and services	(2,384,486)	(2,190,472)
Cash payments for employee services and benefits	(2,778,797)	(2,390,784)
Net cash provided by operating activities	3,595,420	4,097,567
Cash Flows from Investing Activities:		
Interest income from savings	149,646	5,451
Cash Flows from Capital and Related Financing Activities:		
Payments for planning and construction, and construction inn progress	(3,228,563)	(5,802,185)
Assessment principal payments received	240,560	658,858
Proceeds from disposal of capital assets	-	21,693
Debt service fees collected	1,178,265	1,042,772
Increase in contractor bonds payable	10,000	8,000
Increase (decrease) in project bonds payable	43,970	(180,334)
Increase in developer deposits	94,693	122,357
Purchase of equipment and furniture	(231,116)	(167,618)
Purchase of vehicle	(96,295)	(41,889)
Purchase of land easements	(116,348)	-
Purchase of land	(1,012,761)	(1,303,220)
Construction and other loan proceeds	212,567	4,915,853
Principal repayments on loans	(2,678,739)	(3,565,733)
Interest repayments on loans	(927,193)	(1,064,812)
Assessment interest income	173,672	134,523
Refund of prior year capacity fee revenues	(111,100)	-
Inspection, capacity, tap fee and miscellaneous income	2,844,101	6,052,500
Net cash used for capital and related financing activities	(3,604,287)	830,765
Net increase in cash and cash equivalents	140,779	4,933,783
Cash and cash equivalents at beginning of year	22,801,106	17,867,323
Cash and cash equivalents at end of year	$ 22,941,885	$ 22,801,106

(Continued on following page)

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Statements of Cash Flows - Continued
For the Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	$ 264,304	$ 2,242,239
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	3,670,842	3,112,399
Pension expense adjustments not affecting cash	(249,158)	(64,565)
OPEB expense adjustments not affecting cash	(199,004)	(1,130,091)
Changes in Assets and Liabilities:		
(Increase) decrease in accounts receivable	(1,875)	(33,089)
(Increase) in prepaid items	(11,811)	(17,661)
(Increase) decrease in meter inventory	(44,081)	15,633
Increase (decrease) in accounts payable (operating)	98,485	(44,180)
Increase (decrease) in compensated absences	60,418	(69,424)
Increase in accrued wages, benefits and payroll taxes	7,300	86,306
Total adjustments	3,331,116	1,855,328
Net cash provided by operating activities	$ 3,595,420	$ 4,097,567

Non-cash transactions:

	2022	2021
Acquisition of capital assets through developer donations	$ 2,707,775	$ 418,943
Acquisition of capital assets through intergovernmental donations	$ 389,367	$ -
New special assessments levied	$ 115,770	$ -
Intergovernmental revenue - interest subsidy	$ 92,970	$ 138,174
Interest expense - interest subsidy	$ (92,970)	$ (138,174)

See Accountant's Compilation Report.

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

NOTE A - NATURE OF ORGANIZATION

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

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

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

5. **Accounts Receivable**
Accounts receivable are shown at their net realizable value. The water shut-off policy, implemented in full force on January 1, 1995, specifies the details of collections for both water and sewer delinquent accounts. Note that uncollectible sewer account balances are certified to the County Auditor after administrative collection efforts have been exhausted. SWLCWSD has recorded an allowance for doubtful accounts for fiscal years 2022 and 2021. Amounts determined to potentially be uncollectible are set up as an allowance and a corresponding entry to revenues is recorded during the year that the accounts are determined to be potentially uncollectible.

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

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

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. **Provision for Income Tax**

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

10. **Inventory of Materials and Supplies**

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

11. **Cash and Cash Equivalents**

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

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposits are reported at cost. In 2022 and 2021, SWLCWSD's investment consisted of a repurchase agreement.

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

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

13. **Operating Revenues and Expenses**

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

14. **Net Position**

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. The District did not have restricted net position for 2022 or 2021.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

NOTE C - CASH IN SAVINGS

A separate escrow savings account was established to maintain the contractor bonds' balance due on the construction of the water and sewer lines. The account is a non-interest bearing account; therefore, interest is not due to the contractor. The balance at December 31, 2022 and 2021 was $45,949 and $45,930, respectively and these amounts are not reflected in Note D.

NOTE D - DEPOSITS AND INVESTMENTS

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only though eligible institutions;

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

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

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

NOTE D - DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation (FDIC).

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

As of December 31, 2022, SWLCWDS's bank balance of $2,158,010 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above. As of December 31, 2021, SWLCWDS's bank balance of $2,155,602 is either covered by FDIC or collateralized by the financial institutions public entity deposit pools in the manner described above.

Investments

As of December 31, 2022 and December 31, 2021, SWLCWSD had the following investments and maturities:

	2022		2021	
	Fair Value	Weighted Average Maturity (Yrs.)	Fair Value	Weighted Average Maturity (Yrs.)
Repurchase Agreements	$ 21,160,584	0	$ 20,749,728	0
Total Fair Value	$ 21,160,584		$ 20,749,728	

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

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

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

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

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

NOTE E - INTEREST INCOME

Interest income came from the following sources:

	2022	2021
Interest income from repurchase agreements and savings accounts	$ 149,646	$ 5,451
Interest income from assessments, accrued and collected	173,672	134,523
Total interest income	$ 323,318	$ 139,974

NOTE F – CAPITAL ASSETS

Capital assets activity for the fiscal year ended December 31, 2022 was as follows:

	Ending Balance 12/31/21	Additions	Deletions	Ending Balance 12/31/22
Capital Assets, Not Being Depreciated				
Land	$ 2,699,166	$ 1,012,761	$ -	$ 3,711,927
Land Easements	379,406	116,348	-	495,754
Construction in Progress	6,278,244	3,844,343	(5,558,617)	4,563,970
Total Capital Assets, Not Being Depreciated	9,356,816	4,973,452	(5,558,617)	8,771,651
Capital Assets Being Depreciated				
Land Improvements	32,000	-	-	32,000
Facilities, Lines & Related Infrastructure	118,736,154	5,810,812	-	124,546,966
Donated Developer Lines	7,040,662	2,707,775	-	9,748,437
Vehicles	675,682	96,295	-	771,977
Office Furniture and Equipment	324,667	25,818	-	350,485
General Equipment	1,633,053	205,297	-	1,838,350
Safety Equipment	37,442	-	-	37,442
Total Capital Assets, Being Depreciated	128,479,660	8,845,997	-	137,325,657
Less Accumulated Depreciation:				
Land Improvements	(30,563)	(63)	-	(30,626)
Facilities, Lines & Related Infrastructure	(76,038,307)	(3,334,828)	-	(79,373,135)
Donated Developer Lines	(3,283,625)	(162,424)	-	(3,446,049)
Vehicles	(291,977)	(58,807)	-	(350,784)
Office Furniture and Equipment	(292,420)	(9,239)	-	(301,659)
General Equipment	(998,473)	(104,775)	-	(1,103,248)
Safety Equipment	(33,327)	(706)	-	(34,033)
Total Accumulated Depreciation	(80,968,692)	(3,670,842)	-	(84,639,534)
Total Capital Assets Being Depreciated, Net	47,510,968	5,175,155	-	52,686,123
Total Capital Assets	$ 56,867,784	$ 10,148,607	$ (5,558,617)	$ 61,457,774

NOTE F – CAPITAL ASSETS (Continued)

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

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

NOTE G - ACCOUNTS AND ASSESSMENTS RECEIVABLE

Accounts receivable balances at December 31, 2022 and 2021 for operating billings are as follows:

	2022	2021
Current	$ 771,955	$ 805,936
Over 30 days	88,394	45,608
Over 60 days	11,742	17,741
Over 90 days	121,074	122,005
Gross Receivables	993,165	991,290
Less: Allowance for Doubtful Accounts	(125,000)	(125,000)
Net Accounts Receivable	$ 868,165	$ 866,290

NOTE G - ACCOUNTS AND ASSESSMENTS RECEIVABLE (Continued)

Assessment accounts receivable are from completed construction projects and the issuance of final assessments to residents to cover those costs. The receivables are guaranteed through property tax billing. Included in the balances at December 31, 2022 and 2021, are deferred agricultural property assessments and the related accrued interest receivable. These amounts will be collected when the properties no longer qualify for agricultural property status, as defined in the Ohio Revised Code Chapter 929, and as certified by the County Auditor. These receivables are not recorded as revenue, but rather are offset by a deferred inflow of resources account that is called unearned special assessments. The time frame of collection is undeterminable. The assessment accounts receivable balances at December 31, 2022 and December 31, 2021 are $6,648,123 and $6,930,009, respectively.

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

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

SWLCWSD has six (6) interest free loans from the Ohio Public Works Commission. Each loan requires semiannual payments for a term of twenty (20) years. Loan CQ23D for $500,000 was used to assist in the Phase I-A Wastewater Treatment Plant expansion. The loan commenced in 2002 and will mature January 1, 2023. Loan CQ24E is in the amount of $733,000 and was used to assist in the Phase I-B Wastewater Treatment Plant expansion. The loan commenced in 2004 and will mature July 1, 2024. Loan CQ06M for $529,142 was used to finance the York Road/Refugee Road Pump Station Upgrade. The loan commenced in 2010 and will mature January 1, 2031. Loan CQ25N for $39,481 was used to finance the Columbia Road Pump Station Elimination Project, began in 2012 and will mature July 1, 2032. Loan CQ32P for $1,388,390 was used to rehabilitate the Annette/Summit Road Pump Station. The loan commenced in 2014 and will mature July 1, 2044. Loan CQ39Q for $287,375 was used to finance the York Road Wellfield Improvements. The loan commenced in 2016 and will mature January 1, 2036.

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

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

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

Long-term debt obligations and the related transactions for the years ended December 31, 2022 and 2021 are summarized below:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Amount Due Within One Year
OWDA(Direct Borrowing)	$ 31,961,650	$ 212,567	$ 2,452,680	$ 29,721,537	$ 2,528,070
OPWC (Direct Borrowing)	1,684,218	-	195,816	1,488,402	121,875
ODOT (Direct Borrowing)	136,097	-	30,243	105,854	30,244
Rotary	346,941	-	-	346,941	-
Highland Hills Recoupment	225,835	-	-	225,835	-
Net Pension Liability	1,418,293	-	540,770	877,523	-
Net OPEB Liability	-	-	-	- *	-
Compensated Absences	245,728	71,013	10,595	306,146	17,391
	$ 36,018,762	$ 283,580	$ 3,230,104	$ 33,072,238	$ 2,697,580

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

* - The District had a net OPEB asset as of December 31, 2022 in the amount of $310,146, so no liability is shown above.

On February 18, 2016, the District was notified by the Ohio Water Development Authority (OWDA) that they have implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest rate to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due dates and resulted in an interest subsidy in 2020 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated $239,446 of additional interest subsidies through 2034 in the following amounts annually:

2023	71,362
2024	50,637
2025	37,015
2026	23,327
2027	16,578
2028	12,097
2029	8,167
2030	6,797
2031	5,490
2032	4,119
2033	2,682
2034	1,175
Total	$239,446

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

Loan #	Payable To	Interest Rate	First Payment	Principal Term	Principal Due in 2023	Principal Due after 2023
2099	O.W.D.A.	6.32	7/1/1999	25 yrs.	56,573	-
2101	O.W.D.A.	6.11	7/1/1999	25 yrs.	121,697	-
2103	O.W.D.A.	6.11	7/1/1999	25 yrs.	88,677	-
2174	O.W.D.A.	5.77	1/1/2002	25 yrs.	51,364	141,952
3279	O.W.D.A.	6.41	1/1/2002	25 yrs.	309,419	864,605
3682	O.W.D.A.	5.20	7/1/2004	25 yrs.	149,158	872,259
3683	O.W.D.A.	5.20	7/1/2004	25 yrs.	44,010	257,362
3756	O.W.D.A.	3.59	1/1/2005	20 yrs.	469,878	241,284
3912	O.W.D.A.	4.28	1/1/2005	25 yrs.	109,911	695,225
3944	O.W.D.A.	4.35	1/1/2005	25 yrs.	22,645	143,567
4314	O.W.D.A.	3.99	7/1/2006	25 yrs.	90,797	746,711
4315	O.W.D.A.	3.99	1/1/2007	25 yrs.	69,000	614,317
4316	O.W.D.A.	3.99	1/1/2007	20 yrs.	48,787	130,744
4437	O.W.D.A.	3.99	7/1/2006	25 yrs.	15,223	125,198
5008	O.W.D.A.	4.79	7/1/2010	25 yrs.	61,477	908,459
5009	O.W.D.A.	4.79	7/1/2010	25 yrs.	55,921	826,351
5392	O.W.D.A.	0.00	7/1/2010	20 yrs.	7,309	43,851
7701	O.W.D.A.	3.14	7/1/2019	25 yrs.	558,193	15,735,292
8158	O.W.D.A.	0.00	7/1/2019	30 yrs.	15,277	201,157
9124	O.W.D.A.	1.69	7/1/2021	25 yrs.	139,363	3,503,230
9125	O.W.D.A.	1.69	7/1/2021	25 yrs.	43,391	1,117,105
10078	O.W.D.A.	3.90	7/1/2023	26 yrs.		24,798
CQ23D	O.P.W.C.	0.00	1/1/2003	20 yrs.	8,670	-
CQ24E	O.P.W.C.	0.00	1/1/2005	20 yrs.	24,235	24,234
CQ06M	O.P.W.C.	0.00	7/1/2011	20 yrs.	26,457	198,428
CQ25N	O.P.W.C.	0.00	1/1/2013	20 yrs.	1,974	17,766
CQ32P	O.P.W.C.	0.00	7/1/2014	30 yrs.	46,170	946,490
CQ39Q	O.P.W.C.	0.00	7/1/2016	20 yrs.	14,369	179,609
Rotary		0.00		20 yrs.	-	106,351
Rotary		0.00		20 yrs.	-	175,095
Rotary		0.00		20 yrs.	-	65,495
Highland Hills Recoupment		9.25		Indefinite	-	225,835
Ohio Department of Transportation		3.00	9/2/2016	10 yrs.	30,244	75,610
Total					2,680,189	29,208,380

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

Year Ending	OWDA Loans			OPWC Loans		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 2,528,070	$ 978,061	$ 3,506,131	$ 121,875	$ -	$ 121,875
2024	2,107,075	870,079	2,977,154	113,204	-	113,204
2025	1,943,863	787,677	2,731,540	88,970	-	88,970
2026	1,777,114	705,900	2,483,014	88,970	-	88,970
2027	1,591,439	643,050	2,234,489	88,970		88,970
2028-2032	6,623,640	2,452,687	9,076,327	405,164	-	405,164
2033-2037	5,627,550	1,521,996	7,149,546	281,142	-	281,142
2038-2042	5,959,930	716,496	6,676,426	230,851	-	230,851
2043-2047	1,562,856	41,444	1,604,300	69,256	-	69,256
Total	$ 29,721,537	$ 8,717,390	$ 38,438,927	$ 1,488,402	$ -	$ 1,488,402

Year Ending	ODOT Loan			Total		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 30,244	$ -	$ 30,244	$ 2,680,189	$ 978,061	$ 3,658,250
2024	30,244	-	30,244	2,250,523	870,079	3,120,602
2025	30,244	-	30,244	2,063,077	787,677	2,850,754
2026	15,122	-	15,122	1,881,206	705,900	2,587,106
2026		-	-	1,680,409	643,050	2,323,459
2028-2032	-	-	-	7,028,804	2,452,687	9,481,491
2033-2037	-	-	-	5,908,692	1,521,996	7,430,688
2038-2042	-	-	-	6,190,781	716,496	6,907,277
2043-2047	-	-	-	1,632,112	41,444	1,673,556
Total	$ 105,854	$ -	$ 105,854	$ 31,315,793	$ 8,717,390	$ 40,033,183

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

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

In connection with the OWDA loans listed above, the District has pledged future customer revenues, net of specified operating expenses, to repay this debt. Pledged revenues of a given year may also include specified portions of cash balances carried over from the prior year. The loans are payable, through their final maturities as listed above, solely from net revenues. Total interest and principal remaining to be paid on these loans is $38,438,927 at December 31, 2022 and $41,765,612 at December 31, 2021. For the year ended December 31, 2022 net revenue available, principal and interest paid (net of interest subsidy) and the coverage ratio is as follows: $3,935,146 and $3,379,873, and 1.16, respectively. For the year ended December 31, 2021 net revenue available, principal and interest paid (net of interest subsidy) and the coverage ratio is as follows: $5,354,638 and $4,514,777, and 1.19, respectively. The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the District shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

NOTE I - DEFINED BENEFIT RETIREMENT PLAN

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

Ohio Revised Code limits the Authority's obligation for this liability to annually required payments. The Authority cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Authority 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 pension disclosures. See Note J for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE I – DEFINED BENEFIT RETIREMENT PLAN - Continued

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

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

NOTE I – DEFINED BENEFIT RETIREMENT PLAN - Continued

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

includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan was consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option is no longer be available for member selection.

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

	Local
2022 and 2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 and 2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

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

The District's contractually required contribution to OPERS was $272,049 for fiscal year 2022 and $203,978 for 2021 respectively, of which the entire amount was paid during 2022 and 2021. Of this amount, $79,926 and $18,394 were reported as payroll liabilities for 2022 and 2021, respectively.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

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

The net pension liability reported as of December 31, 2022 and December 31, 2021 were measured as of December 31, 2021 and December 31, 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	2022 OPERS	2021 OPERS
Proportion of the Net Pension Liability/Asset - Prior Year	0.00957800%	0.00849100%
Proportion of the Net Pension Liability/Asset - Current Year	0.01008600%	0.00957800%
Change in Proportionate Share	0.00050800%	0.00108700%
Proportionate Share of the Net Pension Liability	$ 877,523	$ 1,418,293
Pension Expense	$ 22,891	$ 139,413

At December 31, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022 OPERS	2021 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ 44,735	$ -
Changes of assumptions	109,733	
Changes in proportion	113,194	154,574
Contributions subsequent to the measurement date	272,049	203,978
Total	$ 539,711	$ 358,552

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 19,246	$ 59,328
Differences between projected and actual investment earnings	1,043,781	530,928
Total	$ 1,063,027	$ 590,256

$272,049 and $203,978 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement dates as of December 31, 2022 and 2021 respectively, will be recognized as a reduction of the net pension liability in the years ending December 31, 2023 and 2022, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Fiscal Year Ending December 31:	OPERS
2023	$ (42,890)
2024	(340,999)
2025	(245,435)
2026	(166,041)
	$ (795,365)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021 and 2020, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021 and 2020, are presented below for the OPERS Traditional Plan.

	2021	2020
Experience Study	5-year period ended December 31, 2020	5-year period ended December 31, 2015
Wage Inflation	2.75 percent	3.25 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2022, then 2.05 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	6.9 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Actuarial Assumptions – OPERS – Continued

The allocation of investment assets with the defined benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021 and 2020, these best estimates are summarized in the following table:

Asset Class	2021 Target Allocation	2020 Target Allocation	2021 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	2020 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	24.00 %	25.00 %	1.03 %	1.32 %
Domestic Equities	21.00	21.00	3.78	5.64
Real Estate	11.00	10.00	3.66	5.39
Private Equity	12.00	12.00	7.43	10.42
International Equities	23.00	23.00	4.88	7.36
Risk Parity	5.00	0.00	2.92	0.00
Other Investments	4.00	9.00	2.85	4.75
Total	100.00 %	100.00 %	4.21 %	5.43 %

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3% for 2021.

Discount Rate The discount rate used to measure the total pension liability was 6.9% and 7.2% for the Traditional Pension Plan for the years ended December 31, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables presents the District's proportionate share of the net pension liability calculated as of the measurement dates of December 31, 2021 and 2020 using the current period discount rate assumption of 6.9 and 7.2 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 and 6.2 percent) or one-percentage-point higher (7.9 and 8.2 percent) than the current rate:

NOTE I – DEFINED BENEFIT RETIREMENT PLAN -Continued

Actuarial Assumptions – OPERS – Continued

For the year ended December 31, 2022:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
District's proportionate share of the net pension liability	$2,313,628	$877,523	$317,507

For the year ended December 31, 2021:

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

NOTE J - DEFINED BENEFIT OPEB PLANS

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

Ohio Public Employees Retirement System

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

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Ohio Public Employees Retirement System - Continued

The heath care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance. Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets. the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022 and 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0 percent during calendar year 2022 and calendar year 2021. For the calendar year 2021 and for the time period January 1, 2022 through June 30, 2022, OPERS did not allocate any employer contributions to health care for members in the Combined Plan. For the time period July 1, 2022 through December 31, 2022, OPERS allocated 2.0 percent of employer contributions to health care for members in the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 and 2021 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2022 and 2021.

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020 and 2019 rolled forward to the measurement dates of December 31, 2021 and 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	2022 OPERS	2021 OPERS
Proportion of the Net OPEB Liability/Asset - Prior Year	0.00892000%	0.00790700%
Proportion of the Net OPEB Liability/Asset - Current Year	0.00990200%	0.00892000%
Change in Proportionate Share	0.00098200%	0.00101300%
Proportionate Share of the Net OPEB Liability (Asset)	$ (310,146)	$ (158,917)
OPEB Expense (Gain)	$ (199,004)	$ (893,901)

At December 31, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022 OPERS	2021 OPERS
Deferred Outflows of Resources:		
Differences between expected and actual economic experience	$ -	$ -
Changes of assumptions	-	78,125
Changes in proportion	49,682	88,893
Total	$ 49,682	$ 167,018

	OPERS	OPERS
Deferred Inflows of Resources:		
Differences between expected and actual economic experience	$ 47,045	$ 143,421
Differences between projected and actual investment earnings	147,855	84,641
Changes of assumptions	125,544	257,493
Total	$ 320,444	$ 485,555

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

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

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

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

Fiscal Year Ending December 31:	OPERS
2023	$ (154,179)
2024	(63,042)
2025	(32,306)
2026	(21,235)
	$ (270,762)

Actuarial Assumptions - PERS

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

Projections of health care costs for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020 and 2019, rolled forward to the measurement dates of December 31, 2021 and 2020.

NOTE J - DEFINED BENEFIT OPEB PLANS – Continued

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

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

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation
Future Salary Increases, including inflation		
Single Discount Rate:		
Current measurement date	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent ultimate in 2034	3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Experience Study	5-Year Period Ended December 31, 2020	5-Year Period Ended December 31, 2015

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health-care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was a gain of 14.3% for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable

NOTE J - DEFINED BENEFIT OPEB PLANS – Continued

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

health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021 and 2020, these best estimates are summarized in the following table:

Asset Class	2021 Target Allocation	2020 Target Allocation	2021 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)	2020 Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	34.00 %	0.91 %	1.07 %
Domestic Equities	25.00	25.00	3.78	5.64
Real Estate Investment Trust	7.00	7.00	3.71	6.48
International Equities	25.00	25.00	4.88	7.36
Risk Parity	2.00	0.00	2.92	0.00
Other Investments	7.00	9.00	1.93	4.02
Total	100.00 %	100.00 %	3.45 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index") for the year ended December 31, 2021. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent for the year ended December 31, 2020. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

The following table presents the District's proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2021, using the single discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

NOTE J - DEFINED BENEFIT OPEB PLANS - Continued

Actuarial Assumptions – PERS - Continued

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
District's proportionate share of the net OPEB asset	($182,395)	($310,146)	($416,181)

The following table presents the District's proportionate share of the net OPEB liability (asset) calculated as of the measurement date December 31, 2020, using the single discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7 percent) than the current rate:

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

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

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

For the fiscal year ended December 31, 2022:

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB asset	($313,497)	($310,146)	($306,170)

For the fiscal year ended December 31, 2021:

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

NOTE K - RISK MANAGEMENT

The SWLCWSD is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the years ended December 31, 2022 and 2021 the SWLCWSD contracted for the following insurance coverage:

Property	$46,965,798
General Liability	2,000,000
Public Officials	1,000,000
Commercial Umbrella	5,000,000
Automobile	1,000,000
Employee Benefits Liability/Aggregate	1,000,000/$2,000,000

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

NOTE L - RELATED PARTY TRANSACTIONS

No related party transactions existed at December 31, 2022 and 2021.

NOTE M - CONTINGENT LIABILITIES

During the years ended December 31, 2022 and 2021 SWLCWSD was involved in litigation; however, management does not believe that the effect, if any, on the financial statements would be material.

NOTE N - DEBT SERVICE FEE

The SWLCWSD has a debt service fee to assist in meeting debt service requirement which was $11.95 per month per sewer customer during both 2022 and 2021. The proceeds of the fee are restricted to the payment of sewer debt service. During 2022 and 2021 the SWLCWSD collected $1,178,265 and $1,042,772 in debt service fees and expended approximately $1.8 million in 2022 and $2.4 million in 2021 in principal and interest payments on sewer related debt.

NOTE O - INSPECTION INCOME

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

NOTE P - MISCELLANEOUS INCOME

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

NOTE Q - INTEREST EXPENSE

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

	2022	2021
OWDA- Water	$ 630,058	$ 719,425
OWDA- Sewer	390,105	483,561
Total interest expense	$ 1,020,163	$ 1,202,986

NOTE R – COVID-19

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

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

During 2022, the District did not receive direct COVID-19 funding. The District did not subgrant funds to other governments and organization nor were funds returned to any granting agency, and no funds were spent on-behalf of other governments. The District did receive a grant funded from the American Rescue Plan via Licking County who disbursed $389,367 on behalf of the District for the Summit Road Force Main project.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0.010086%	0.009578%	0.008491%	0.008383%	0.007997%	0.007681%	0.007504%	0.007460%	0.007460%
District's proportionate share of the net pension liability	$ 877,523	$ 1,418,293	$ 1,678,304	$ 2,295,934	$ 1,254,574	$ 1,744,224	$ 1,299,787	$ 899,759	$ 879,437
District's covered payroll	$ 1,456,986	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825	$ 949,142	$ 914,567	$ 850,254
District's proportionate share of the net pension liability as a percentage of its covered payroll	60.23%	109.78%	140.41%	199.81%	125.94%	175.68%	136.94%	98.38%	103.43%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 272,049	$ 203,978	$ 180,872	$ 167,343	$ 160,872	$ 129,497	$ 119,139	$ 113,897	$ 109,748	$ 110,533
Contributions in relation to the contractually required contribution	(272,049)	(203,978)	(180,872)	(167,343)	(160,872)	(129,497)	(119,139)	(113,897)	(109,748)	(110,533)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,943,207	$ 1,456,986	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825	$ 949,142	$ 914,567	$ 850,254
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See accompanying notes to the required supplementary information.

Southwest Licking Community Water and Sewer District

Required Supplementary Information

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

Ohio Public Employees Retirement System

Last Six Years (1)

	2021	2020	2019	2018	2017	2016
District's proportion of the net OPEB liability	0.00990200%	0.00892000%	0.00790700%	0.00780700%	0.00746000%	0.00718000%
District's proportionate share of the net OPEB liability (asset)	$ (310,146)	$ (158,917)	$ 1,092,162	$ 1,017,849	$ 810,101	$ 725,204
District's covered-employee payroll	$ 1,456,986	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-21.29%	-12.30%	91.37%	88.58%	81.32%	73.04%
Plan fiduciary net position as a percentage of the total OPEB liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ 9,957	$ 19,857
Contributions in relation to the contractually required contribution	-	-	-	-	-	(9,957)	(19,857)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	$ 1,943,207	$ 1,456,986	$ 1,291,943	$ 1,195,307	$ 1,149,086	$ 996,131	$ 992,825
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%

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

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms:

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

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

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

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

For 2022, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from .5 percent simple through 2021, then 2.15 simple to 3.0 percent simple through 2022 then 2.05 percent simple.

Changes in assumptions:

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

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

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

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

For 2022, the investment rate of return decreased from 7.2 percent to 6.9 percent.

Net OPEB Liability

Changes in benefit terms:

There were no significant changes in benefit terms for 2018-2022.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

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

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

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

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

Changes in assumptions (Continued)

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

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

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

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

For 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond rate decreased from 2.00 percent to 1.84 percent.
- The initial health care cost trend rate decreased from 8.50 percent to 5.50 percent.

SUPPLEMENTARY INFORMATION

Southwest Licking Community Water and Sewer District

Licking County, Ohio

Schedules of Revenues, Expenses, Non-Operating Revenues (Expenses) and Capital Contributions - Water
For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Service revenues	$ 3,117,465	$ 3,274,118
Late charges	66,930	61,901
TOTAL OPERATING REVENUES	3,184,395	3,336,019
OPERATING EXPENSES		
Salaries	516,864	389,591
Training	17,949	1,581
Medicare tax expense	6,986	6,015
P.E.R.S., pension and OPEB expense	(52,607)	(220,179)
Workers compensation	5,843	5,141
Operations and testing	14,700	10,667
Chemicals and operating supplies	339,465	222,759
Equipment rental	2,268	1,641
Repairs and maintenance	339,388	218,797
Insurance:		
Health	141,008	95,278
Telephone	20,517	19,497
Utilities	242,664	249,670
Office supplies	2,681	2,991
Uniform rental	3,838	2,475
Small tools	1,932	-
Licenses	10,044	11,631
Cleaning	1,586	1,339
Real estate taxes	10,504	-
Security	51	51
Purchase of Water	10,787	73,763
Depreciation	1,602,895	1,123,869
TOTAL OPERATING EXPENSES	$ 3,239,363	$ 2,216,577
NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS		
Capital contributions - special assessments	162,498	34,176
Capital contributions - developers	449,540	181,603
Gain on sale of capital assets	-	6,933
Inspection revenue	1,845	640
Tap fee income	1,509,127	3,302,570
Capacity revenue	14,417	91,740
Refund of prior year capacity fee revenues	(55,550)	-
Interest income	165,564	85,645
Intergovernmental revenue	19,958	36,032
Interest expense	(630,058)	(719,425)
Miscellaneous income	23,092	171,723
TOTAL NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS	$ 1,660,433	$ 3,191,637

See Accountant's Compilation Report.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Revenues, Expenses, Non-Operating
Revenues (Expenses) and Capital Contributions - Wastewater Treatment Plant
For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Service revenues	$ 5,433,732	$ 5,246,892
Late charges	142,451	129,001
TOTAL OPERATING REVENUES	5,576,183	5,375,893
OPERATING EXPENSES		
Salaries	424,747	229,000
Training	3,537	2,984
Medicare tax expense	5,996	3,287
P.E.R.S., pension and OPEB expense	(25,250)	(113,689)
Workers compensation	4,946	2,753
Operations and testing	18,626	16,346
Chemicals and operating supplies	18,871	17,970
Equipment rental	744	682
Repairs and maintenance	108,295	96,678
Biosolids Processing	114,124	74,078
Insurance:		
Health	74,774	52,700
Telephone	4,188	5,217
Utilities	175,347	174,101
Refuse	4,529	2,917
Office supplies	849	936
Uniform rental	1,517	713
Small tools	3,449	146
Dues and subscriptions	-	-
Licenses	11,640	6,722
Cleaning	1,586	1,339
Security	51	51
Depreciation	985,046	910,023
TOTAL OPERATING EXPENSES	$ 1,937,612	$ 1,484,954
NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS		
Debt service fee income	1,178,265	1,042,772
Capital contributions - special assessments	53,267	4,995
Capital contributions - intergovernmental	389,367	-
Capital contributions - developers	2,258,235	237,340
Inspection revenue	2,935	1,365
Tap fee income	1,127,637	2,160,024
Capacity fee revenue	15,112	84,095
Refund of prior year capacity fee revenues	(55,550)	-
Interest income	157,754	54,329
Integovernmental	73,012	102,142
Interest expense	(390,105)	(483,561)
Miscellaneous income	149,843	240,343
TOTAL NON-OPERATING REVENUES (EXPENSES) AND CAPITAL CONTRIBUTIONS	$ 4,959,772	$ 3,443,844

See Accountant's Compilation Report.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Collection
For the Years Ended December 31, 2022 and 2021

		2022		2021
OPERATING EXPENSES				
Salaries	$	216,060	$	217,430
Training		972		742
Medicare tax expense		3,376		2,769
P.E.R.S., pension and OPEB expense		(24,697)		(103,437)
Workers compensation		2,757		2,586
Chemicals and operating supplies		12,514		10,988
Equipment rental		1,748		1,131
Repairs and maintenance		358,494		295,991
Insurance:				
Health		68,983		48,394
Telephone		1,777		3,460
Utilities		94,523		84,668
Office supplies		468		401
Uniform rental		1,998		1,836
Small Tools		658		48
Licenses		176		174
Cleaning		1,586		1,339
Security		51		51
Depreciation		1,043,232		1,047,628
TOTAL OPERATING EXPENSES	$	1,784,676	$	1,616,199

See Accountant's Compilation Report.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Administration
For the Years Ended December 31, 2022 and 2021

	2022	2021
OPERATING EXPENSES		
Salaries	$ 544,934	$ 428,821
Training	4,335	1,084
Medicare tax expense	7,848	6,358
P.E.R.S., pension and OPEB expense	(45,814)	(192,017)
Workers compensation	6,527	5,288
Refuse	1,380	1,057
Equipment rental	4,072	5,202
Repairs and maintenance	41,561	22,459
Engineering	17,312	101,041
Legal	87,305	154,102
Accounting	12,650	12,650
Audit fees	13,236	12,990
Advertising and communications	971	1,415
Board designated expenses	35	474
Insurance:		
General	90,684	71,120
Health	161,273	129,749
Life	3,791	2,312
Telephone	7,497	10,329
Office supplies	16,994	20,593
Uniform rental	472	-
Postage	39,692	35,382
Cleaning	3,941	4,505
Security	1,070	845
Vehicle expense	2,004	1,557
Dues and subscriptions	2,784	7,750
Licenses	40,400	27,890
Depreciation	14,782	9,380
TOTAL OPERATING EXPENSES	$ 1,081,736	$ 882,336
NON-OPERATING REVENUES		
Miscellaneous Income	93	-
TOTAL NON-OPERATING REVENUES	$ 93	$ -

See Accountant's Compilation Report.

Southwest Licking Community Water and Sewer District
Licking County, Ohio

Schedules of Expenses - Engineering
For the Years Ended December 31, 2022 and 2021

		2022		2021
OPERATING EXPENSES				
Salaries	$	293,228	$	251,370
Training		-		82
Medicare tax expense		3,851		3,366
P.E.R.S., pension and OPEB expense		(33,814)		(119,580)
Workers compensation		3,204		2,839
Chemicals and operating supplies		15,616		8,952
Equipment Rental		744		682
Repairs and maintenance		51,951		14,433
Insurance:				
Health		83,539		76,865
Telephone		3,369		4,657
Office supplies		1,163		1,491
Uniform rental		2,292		1,276
Cleaning		1,586		1,339
Security		51		51
Small tools		791		-
General manager discretionary		429		285
Depreciation		24,887		21,499
TOTAL OPERATING EXPENSES	$	452,887	$	269,607

See Accountant's Compilation Report.

bhm

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS