

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

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2000***

**RICHARD D. JONES, TREASURER**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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Board of Education  
Southwest Licking Local School District  
P.O. Box 180  
Etna, Oh 43018-0180

We have reviewed the Independent Auditor's Report of the Southwest Licking Local School District, Licking County, prepared by Trimble, Julian, & Grube, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

December 30, 2000

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

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## Independent Auditor's Report

Board of Education  
Southwest Licking Local School District  
PO Box 180  
Etna, Ohio 43018-0180

We have audited the accompanying general purpose financial statements of the Southwest Licking Local School District, Licking County (the "School District") as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Southwest Licking Local School District, Licking County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.  
December 4, 2000

**Southwest Licking Local School District, Ohio**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General	Fixed Assets	Long-Term Obligations	
<b>Assets and Other Debits:</b>										
<b>Assets:</b>										
Cash and Cash Equivalents	\$1,786,790	\$301,088	\$915,624	\$4,247,959	\$266,077	\$94,164	\$0	\$0	\$0	\$7,611,672
Investments	0	0	0	9,158,186	0	0	0	0	0	9,158,186
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	7,197	0	0	0	7,197
<b>Receivables:</b>										
Property Taxes	5,976,589	0	1,822,405	626,748	0	0	0	0	0	8,425,742
Accounts	2,652	329	0	25	0	0	0	0	0	3,006
Intergovernmental	7,726	9,053	0	6,000	14,628	0	0	0	0	37,407
Accrued Interest	33,459	0	0	0	0	0	0	0	0	33,459
Due from Other Funds	7,197	0	0	0	0	0	0	0	0	7,197
Income Tax	984,753	0	0	0	0	0	0	0	0	984,753
Materials and Supplies Inventory	6,353	0	0	0	580	0	0	0	0	6,933
Inventory Held for Resale	0	0	0	0	7,607	0	0	0	0	7,607
Prepaid Items	26,581	0	0	0	0	0	0	0	0	26,581
<b>Restricted Assets:</b>										
Cash and Cash Equivalents	261,672	0	0	0	0	0	0	0	0	261,672
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	91,649	0	30,379,461	0	0	30,471,110
<b>Other Debits:</b>										
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	1,026,883	0	1,026,883
Amount to be Provided from General Government Resources	0	0	0	0	0	0	0	26,094,582	0	26,094,582
<b>Total Assets and Other Debits</b>	<b>\$9,093,772</b>	<b>\$310,440</b>	<b>\$2,738,029</b>	<b>\$14,038,918</b>	<b>\$380,541</b>	<b>\$101,361</b>	<b>\$30,379,461</b>	<b>\$27,121,465</b>	<b>\$26,094,582</b>	<b>\$84,163,987</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Southwest Licking Local School District, Ohio**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Type	Account Groups		Totals
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
<b>Liabilities, Fund Equity and Other Credits:</b>									
<b>Liabilities:</b>									
Accounts Payable	\$59,802	\$14,154	\$0	\$63,574	\$92	\$0	\$0	\$0	\$137,622
Contracts Payable	0	0	0	1,511,788	0	0	0	0	1,511,788
Retainage Payable	0	0	0	212,208	0	0	0	0	212,208
Accrued Salaries and Benefits Payable	1,585,811	16,801	0	0	31,862	0	0	0	1,634,474
Intergovernmental Payable	358,721	7,337	0	21	16,746	0	0	179,201	562,026
Due to Other Funds	0	0	0	0	0	7,197	0	0	7,197
Due to Students	0	0	0	0	0	94,164	0	0	94,164
Deferred Revenue	5,576,971	0	1,711,146	585,537	4,851	0	0	1,597,078	7,878,505
Compensated Absences Payable	16,182	0	0	0	25,933	0	0	0	1,639,193
Retirement Incentive Payable	0	0	0	0	0	0	0	10,000	10,000
Capital Leases Payable	0	0	0	0	0	0	0	155,186	155,186
School Improvement Bonds Payable	0	0	0	0	0	0	0	24,820,000	24,820,000
Energy Conservation Bonds Payable	0	0	0	0	0	0	0	235,000	235,000
General Obligation Bonds Payable	0	0	0	0	0	0	0	125,000	125,000
<b>Total Liabilities</b>	<b>7,597,487</b>	<b>38,292</b>	<b>1,711,146</b>	<b>2,373,128</b>	<b>79,484</b>	<b>101,361</b>	<b>0</b>	<b>27,121,465</b>	<b>39,022,363</b>
<b>Fund Equity and Other Credits:</b>									
Investment in General Fixed Assets	0	0	0	0	0	0	30,379,461	0	30,379,461
Contributed Capital	0	0	0	0	23,562	0	0	0	23,562
Retained Earnings:									
Unreserved	0	0	0	0	277,495	0	0	0	277,495
<b>Fund Balances:</b>									
Reserved for Encumbrances	164,118	21,816	0	7,313,612	0	0	0	0	7,499,546
Reserved for Budget Stabilization	257,003	0	0	0	0	0	0	0	257,003
Reserved for Bus Purchases	4,669	0	0	0	0	0	0	0	4,669
Reserved for Materials and Supplies Inventory	6,353	0	0	0	0	0	0	0	6,353
Reserved for Property Taxes	334,512	0	99,210	35,857	0	0	0	0	469,579
Designated for Budget Stabilization	98,198	0	0	0	0	0	0	0	98,198
Unreserved, Undesignated	631,432	250,332	927,673	4,316,321	0	0	0	0	6,125,758
<b>Total Fund Equity and Other Credits</b>	<b>1,496,285</b>	<b>272,148</b>	<b>1,026,883</b>	<b>11,665,790</b>	<b>301,057</b>	<b>0</b>	<b>30,379,461</b>	<b>0</b>	<b>45,141,624</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$9,093,772</b>	<b>\$310,440</b>	<b>\$2,738,029</b>	<b>\$14,038,918</b>	<b>\$380,541</b>	<b>\$101,361</b>	<b>\$30,379,461</b>	<b>\$27,121,465</b>	<b>\$84,163,987</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Southwest Licking Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Property Taxes	\$5,698,627	\$0	\$1,908,595	\$610,313	\$8,217,535
Income Tax	2,449,197	0	0	0	2,449,197
Intergovernmental	8,820,391	500,412	223,610	175,857	9,720,270
Interest	275,575	9,521	0	956,300	1,241,396
Tuition and Fees	172,094	0	0	0	172,094
Rent	6,007	0	0	0	6,007
Extracurricular Activities	79	276,245	0	0	276,324
Gifts and Donations	3,200	146,865	0	0	150,065
Miscellaneous	48,668	1,378	0	3,232	53,278
<b>Total Revenues</b>	<b>17,473,838</b>	<b>934,421</b>	<b>2,132,205</b>	<b>1,745,702</b>	<b>22,286,166</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	8,293,286	75,336	0	943	8,369,565
Special	932,114	255,240	0	0	1,187,354
Vocational	423,676	0	0	0	423,676
Other	338,127	225	0	0	338,352
<b>Support Services:</b>					
Pupils	921,410	31,936	0	0	953,346
Instructional Staff	542,559	61,794	0	18,399	622,752
Board of Education	20,493	0	0	0	20,493
Administration	1,645,208	28,887	0	0	1,674,095
Fiscal	376,601	41	31,800	10,893	419,335
Business	50,067	511	0	882	51,460
Operation and Maintenance of Plant	1,658,860	1,784	0	7,905	1,668,549
Pupil Transportation	1,259,948	0	0	0	1,259,948
Central	71,842	46,801	0	6,504	125,147
Operation of Non-Instructional Services	0	80,759	0	0	80,759
Extracurricular Activities	355,509	402,284	0	0	757,793
Capital Outlay	92,660	0	0	10,297,981	10,390,641
<b>Debt Service:</b>					
Principal Retirement	44,522	0	745,000	0	789,522
Interest and Fiscal Charges	11,755	0	1,325,353	0	1,337,108
<b>Total Expenditures</b>	<b>17,038,637</b>	<b>985,598</b>	<b>2,102,153</b>	<b>10,343,507</b>	<b>30,469,895</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>435,201</b>	<b>(51,177)</b>	<b>30,052</b>	<b>(8,597,805)</b>	<b>(8,183,729)</b>
<b>Other Financing Sources:</b>					
Proceeds from Sale of Fixed Assets	1,126	0	0	0	1,126
Inception of Capital Lease	91,960	0	0	0	91,960
<b>Total Other Financing Sources</b>	<b>93,086</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>93,086</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>528,287</b>	<b>(51,177)</b>	<b>30,052</b>	<b>(8,597,805)</b>	<b>(8,090,643)</b>
<b>Fund Balances at Beginning of Year - (Restated, Note 3)</b>	<b>961,645</b>	<b>323,325</b>	<b>996,831</b>	<b>20,263,595</b>	<b>22,545,396</b>
<b>Increase in Reserve for Inventory</b>	<b>6,353</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,353</b>
<b>Fund Balances at End of Year</b>	<b>\$1,496,285</b>	<b>\$272,148</b>	<b>\$1,026,883</b>	<b>\$11,665,790</b>	<b>\$14,461,106</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Southwest Licking Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2000

	General Fund			Special Revenue Funds			Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>															
Property Taxes	\$5,296,000	\$5,529,692	\$233,692	\$0	\$0	\$0	\$1,886,067	\$1,910,986	\$24,919	\$590,200	\$605,893	\$15,693	\$7,772,267	\$8,046,571	\$274,304
Income Tax	2,450,000	2,425,511	(24,489)	0	0	0	0	0	0	0	0	0	2,450,000	2,425,511	(24,489)
Intragovernmental	8,739,500	8,830,589	91,089	518,893	506,824	(12,069)	167,900	223,610	55,710	162,603	169,857	7,254	9,588,896	9,730,880	141,984
Tuition	200,350	232,862	32,512	3,753	9,521	5,768	0	0	0	64,760	932,781	285,281	831,603	1,175,164	343,561
Interest and Fees	170,350	172,094	1,744	0	0	0	0	0	0	0	0	0	170,350	172,094	1,744
Rent	5,000	6,007	1,007	0	0	0	0	0	0	0	0	0	5,000	6,007	1,007
Extracurricular Activities	1,000	79	(921)	293,783	276,134	(17,649)	0	0	0	0	0	0	294,783	276,213	(18,570)
Gifts and Donations	500	3,200	2,700	116,707	146,865	30,158	0	0	0	0	0	0	117,207	150,065	32,858
Miscellaneous	43,350	41,804	(1,546)	12,500	1,160	(11,340)	0	0	0	0	3,207	3,207	55,850	46,171	(9,679)
<b>Total Revenues</b>	<b>16,906,250</b>	<b>17,241,838</b>	<b>335,588</b>	<b>945,636</b>	<b>940,504</b>	<b>(5,132)</b>	<b>2,083,967</b>	<b>2,134,596</b>	<b>80,629</b>	<b>1,400,303</b>	<b>1,711,738</b>	<b>311,435</b>	<b>21,306,156</b>	<b>22,028,676</b>	<b>722,520</b>
<b>Expenditures:</b>															
<b>Current:</b>															
Instruction:															
Regular	8,490,464	8,407,232	83,232	163,270	89,509	73,761	0	0	0	3,823	3,519	304	8,657,557	8,500,280	157,277
Special	950,622	876,468	74,154	313,314	287,974	25,340	0	0	0	86,163	31,392	54,771	1,263,936	1,164,442	99,494
Vocational	419,006	417,066	1,940	800	0	800	0	0	0	0	0	0	419,806	417,066	2,740
Other	311,394	338,185	(26,791)	225	225	0	0	0	0	0	0	0	311,619	338,410	(26,791)
Support Services:															
Pupils	934,705	884,874	49,831	37,568	37,357	211	0	0	0	0	0	0	972,273	922,231	50,042
Instructional Staff	583,847	538,122	45,725	79,534	67,829	11,705	0	0	0	86,163	31,392	54,771	749,544	637,343	112,201
Board of Education	21,969	20,812	1,157	0	0	0	0	0	0	0	0	0	21,969	20,812	1,157
Administration	1,773,423	1,708,462	64,961	35,505	27,757	7,748	0	0	0	0	0	0	1,808,928	1,756,219	72,709
Fiscal	584,312	440,738	143,574	41	41	0	31,800	31,800	0	32,609	30,622	1,887	648,662	503,201	145,461
Business	68,922	48,155	20,767	3,311	3,046	265	0	0	0	307,392	205,467	101,925	379,625	256,668	122,957
Operation and Maintenance of Plant	1,708,191	1,612,591	95,600	1,750	1,750	0	0	0	0	57,769	52,228	5,541	1,767,710	1,666,569	101,141
Plant Transportation	1,303,353	1,293,150	10,203	0	0	0	0	0	0	153,200	153,009	191	1,456,553	1,446,159	10,394
Central	135,059	97,645	37,414	50,272	47,582	2,690	0	0	0	118,912	106,990	11,922	304,243	252,217	52,026
Operation of Non-Instructional Services	368,371	367,335	1,036	83,942	84,150	(208)	0	0	0	16,600	16,202	398	932,535	813,638	118,907
Extracurricular Activities	168,651	91,087	77,564	430,091	430,091	0	0	0	0	17,905,276	17,447,808	457,468	18,073,927	17,538,895	535,032
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0	0	745,000	745,000	0
Principal Retirement	0	0	0	0	0	0	0	0	0	0	0	0	1,325,353	1,325,353	0
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>17,822,289</b>	<b>17,141,942</b>	<b>680,347</b>	<b>1,317,096</b>	<b>1,077,311</b>	<b>239,785</b>	<b>2,102,153</b>	<b>2,102,153</b>	<b>0</b>	<b>18,681,644</b>	<b>18,047,237</b>	<b>634,407</b>	<b>39,923,182</b>	<b>38,548,643</b>	<b>1,374,539</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(916,039)</b>	<b>99,896</b>	<b>1,015,935</b>	<b>(371,460)</b>	<b>(136,807)</b>	<b>234,653</b>	<b>(48,186)</b>	<b>32,443</b>	<b>80,629</b>	<b>(17,281,341)</b>	<b>(16,335,499)</b>	<b>945,842</b>	<b>(18,617,020)</b>	<b>(16,339,967)</b>	<b>2,277,059</b>
<b>Other Financing Sources (Uses):</b>															
Proceeds from Sale of Fixed Assets	1,100	1,126	26	0	0	0	0	0	0	0	0	0	1,100	1,126	26
Operating Transfer In	22	0	(22)	0	0	0	0	0	0	0	0	0	22	0	(22)
Operating Transfer Out	(54)	0	54	0	0	0	0	0	0	0	0	0	(54)	0	54
<b>Total Other Financing Sources (Uses)</b>	<b>1,068</b>	<b>1,126</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,068</b>	<b>1,126</b>	<b>58</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(914,971)</b>	<b>101,022</b>	<b>1,015,993</b>	<b>(371,460)</b>	<b>(136,807)</b>	<b>234,653</b>	<b>(48,186)</b>	<b>32,443</b>	<b>80,629</b>	<b>(17,281,341)</b>	<b>(16,335,499)</b>	<b>945,842</b>	<b>(18,615,958)</b>	<b>(16,338,841)</b>	<b>2,277,117</b>
<b>Fund Balances at Beginning of Year (Restated)</b>	<b>1,599,618</b>	<b>1,599,618</b>	<b>0</b>	<b>340,319</b>	<b>340,319</b>	<b>0</b>	<b>883,181</b>	<b>883,181</b>	<b>0</b>	<b>15,199,748</b>	<b>15,199,748</b>	<b>0</b>	<b>18,022,866</b>	<b>18,022,866</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>151,735</b>	<b>151,735</b>	<b>0</b>	<b>66,708</b>	<b>66,708</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,368,319</b>	<b>5,368,319</b>	<b>0</b>	<b>5,586,762</b>	<b>5,586,762</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$836,382</b>	<b>\$1,852,375</b>	<b>\$1,015,993</b>	<b>\$35,567</b>	<b>\$270,220</b>	<b>\$234,653</b>	<b>\$834,995</b>	<b>\$915,624</b>	<b>\$80,629</b>	<b>\$3,286,726</b>	<b>\$4,232,568</b>	<b>\$945,842</b>	<b>\$4,993,670</b>	<b>\$7,270,787</b>	<b>\$2,277,117</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**Southwest Licking Local School District, Ohio**

Statement of Revenues, Expenses,

and Changes in Fund Equity

Proprietary Fund Type

For the Fiscal Year Ended June 30, 2000

	<u>Enterprise</u>
<u>Revenues:</u>	
Sales	\$567,212
Other Operating Revenues	<u>709</u>
Total Revenues	<u>567,921</u>
<u>Expenses:</u>	
Salaries	260,419
Fringe Benefits	83,356
Purchased Services	5,461
Materials and Supplies	24,933
Cost of Sales	308,424
Depreciation	15,832
Other	<u>1,204</u>
Total Expenses	<u>699,629</u>
Operating Loss	<u>(131,708)</u>
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	34,006
Interest Income	16,161
Federal and State Subsidies	111,709
Gain on Sale of Fixed Assets	<u>5,301</u>
Total Non-Operating Revenues	<u>167,177</u>
Net Income	35,469
Retained Earnings at Beginning of Year	<u>242,026</u>
Retained Earnings at End of Year	<u>277,495</u>
Contributed Capital at Beginning of Year	21,730
Contributions During the Year:	
Governmental Fund	<u>1,832</u>
Contributed Capital at End of Year	<u>23,562</u>
Total Fund Equity at End of Year	<u><u>\$301,057</u></u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Southwest Licking Local School District, Ohio**  
Statement of Revenues, Expenses, and Changes in  
Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000

	Enterprise Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Sales	\$550,000	\$567,212	\$17,212
Interest	9,000	16,161	7,161
Federal and State Subsidies	110,000	112,389	2,389
Other Operating Revenues	0	6,086	6,086
Other Non-Operating Revenues	500	709	209
<b>Total Revenues</b>	<b>669,500</b>	<b>702,557</b>	<b>33,057</b>
<u>Expenses:</u>			
Salaries	278,300	270,290	8,010
Fringe Benefits	87,790	84,352	3,438
Purchased Services	14,712	5,516	9,196
Materials and Supplies	474,000	297,359	176,641
Capital Outlay	9,000	7,969	1,031
Other	1,206	1,204	2
<b>Total Expenses</b>	<b>865,008</b>	<b>666,690</b>	<b>198,318</b>
Excess of Revenues Over (Under) Expenses	(195,508)	35,867	(165,261)
Fund Equity at Beginning of Year	227,054	227,054	0
Prior Year Encumbrances Appropriated	48	48	0
<b>Fund Equity at End of Year</b>	<b>\$31,594</b>	<b>\$262,969</b>	<b>(\$165,261)</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Southwest Licking Local School District, Ohio**

Statement of Cash Flows

Proprietary Fund Type

For the Fiscal Year Ended June 30, 2000

	<u>Enterprise</u>
<u>Increase in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Sales	\$567,212
Cash Payments for Employee Services and Benefits	(354,642)
Cash Payments to Suppliers for Goods and Services	(302,851)
Other Operating Revenues	709
Other Non-Operating Revenues	6,086
Other Operating Expenses	<u>(1,204)</u>
Net Cash Used for Operating Activities	<u>(84,690)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	<u>112,389</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	<u>(4,884)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	<u>16,161</u>
Net Increase in Cash and Cash Equivalents	38,976
Cash and Cash Equivalents Beginning of Year	<u>227,101</u>
Cash and Cash Equivalents End of Year	<u><u>\$266,077</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$131,708)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	15,832
Donated Commodities Used During the Year	34,006
Other Non-Operating Revenues	6,086
Changes in Assets and Liabilities:	
Decrease in Prepaid Items	3,902
Decrease in Materials and Supplies Inventory	115
Decrease in Inventory Held for Resale	2,463
Decrease in Accounts Payable	(464)
Decrease in Accrued Salaries and Benefits Payable	(249)
Decrease in Intergovernmental Payable	(9,933)
Decrease in Deferred Revenue	(154)
Decrease in Compensated Absences Payable	<u>(4,586)</u>
Net Cash Used for Operating Activities	<u><u>(84,690)</u></u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Southwest Licking Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1953 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 65 square miles. It is located in Licking County, and includes all of the City of Pataskala, the Village of Kirkersville and portions of Etna, Harrison, St. Albans, and Union Townships in Licking County and Liberty Township in Fairfield County. The School District is staffed by 116 classified employees, 198 certificated full-time teaching personnel, and 12 administrative employees who provide services to 3,156 students and other community members. The School District currently operates six instructional buildings, one administrative building, and one garage.

**Reporting Entity:**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with three jointly governed organizations, one related organization, and one insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, Central Ohio Special Education Regional Resource Center, the Pataskala Public Library, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19, 20, and 21 to the general purpose financial statements.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

The financial statements of the Southwest Licking Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described as follows:

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**Capital Projects Funds** - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

**Enterprise Fund** - An enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary fund.

**General Long-Term Obligations Account Group** - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary fund.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

The proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the fund is included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, income tax, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination.

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The treasurer allocates appropriations among functions and objects within a fund during the fiscal year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.



**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for the proprietary fund.

**Lapsing of Appropriations:**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for some capital projects monies used for construction, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the balance sheet. During fiscal year 2000, the Treasurer invested a portion of the building capital projects fund separately from the pool.

The School District has a segregated bank account for the payroll account held separate from the School District's central bank account. This checking account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the School District treasury.

During fiscal year 2000, investments were limited to STAR Ohio, repurchase agreements, federal agency securities, treasury notes, and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$275,575, which includes \$109,146 assigned from other School District funds. The school support, gift grants, district managed activities, and auxiliary services special revenue funds, permanent improvement and building capital projects funds, and the food service enterprise fund also received interest during fiscal year 2000 of, special revenue funds (\$4,185, \$165, \$4,220, \$951); capital projects funds (\$34,165, \$922,135); and enterprise fund (\$16,161), respectively.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

**E. Materials and Supplies Inventory**

Materials and Supplies inventories of governmental funds are stated at cost while the inventory of the proprietary fund is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. The inventory of the proprietary fund consists of donated food and purchased food held for resale and is expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues for the purchase of buses, and amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 22 for the calculation of the year end restricted asset balance and the corresponding fund balance reserve.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund is capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not capitalize infrastructure, as these assets are immovable and of value only to the School District.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of five to twenty years.

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Reimbursement

Special Revenue Fund

Disadvantage Pupil Impact Aid

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

Non-Reimbursable Grants

Special Revenue Funds

- Disadvantaged Pupil Program
- Career Development
- Ohio Reads
- Summer Intervention
- Safe School Help Line
- Data Communications
- Instruction Material Subsidy
- Drug-Free Schools
- Education Management Information Systems
- Eisenhower
- Teacher Development
- Title I
- Title VI
- Title VI-B
- Title VI-R
- Venture Capital
- Ohio School to Work

Capital Projects Funds

- SchoolNet
- Vocational Education Equipment

Reimbursable Grants

General Fund

- Driver Education

Special Revenue Fund

- Continuous Improvement Grant

Enterprise Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to forty-four percent of the governmental fund revenue during the 2000 fiscal year.

**J. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due from other funds” or “due to other funds” on the balance sheet.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees with ten or more years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, payments made more than two months after fiscal year end are considered not to have used current available financial resources. Bonds, long-term loans, and capital leases are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in the proprietary fund.

**M. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**N. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, budget stabilization, bus purchases, materials and supplies inventories, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by Statute to protect against cyclical changes in revenues and expenditures.

**O. Fund Balance Designation**

The School District has a fund balance designation on the balance sheet for additional money above the reserve for budget stabilization required by State statute.

**P. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined.

Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**Q. 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.

**R. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES**

The School District had several fund reclassifications and an adjustment to the building capital projects fund due to GASB 31 being improperly implemented in the prior year. These changes resulted in a change in the excess of revenues and other financing sources over (under) expenditures/net income as previously reported for the year ended June 30, 1999:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Excess as previously reported	(\$75,397)	\$93,627	\$18,830,676	\$2,838
Reclassification of a fund	346	15,999	0	(2,838)
GASB 31 Adjustment	0	0	55,599	0
Restated amount for the year ended June 30, 1999	<u>(\$75,051)</u>	<u>\$109,626</u>	<u>\$18,886,275</u>	<u>\$0</u>

	<u>Internal Service</u>
Net Income as previously reported	\$13,510
Reclassification of funds	(13,510)
Restated amount for the year ended June 30, 1999	<u>\$0</u>

The reclassifications and GASB 31 adjustment had the following effects on fund balance/retained earnings as it was previously reported as of June 30, 1999.

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Balances as previously reported	\$943,830	\$297,826	\$20,207,996	\$7,803
Reclassification of funds	17,815	25,499	0	(7,803)
GASB 31 Adjustment	0	0	55,599	0
Restated Balances as of July 1, 1999	<u>\$961,645</u>	<u>\$323,325</u>	<u>\$20,263,595</u>	<u>\$0</u>

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES** (continued)

	Internal Service
Balances as previously reported	\$34,364
Reclassification of funds	(34,364)
Restated Balances as of July 1, 1999	\$0

The agency funds assets and liabilities decreased from \$110,927 to \$109,780 due to a fund reclassification.

The general long-term obligations account group total liabilities increased from \$27,049,741 to \$27,579,186 as of June 30, 1999, due to the understatement of capital leases and compensated absences.

The general fixed assets account group total fixed assets increased from \$19,824,359 to \$19,896,056 as of June 30, 1999, due to the understatement of fixed assets.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**Fund Deficits**

The following funds had deficit fund balances as of June 30, 2000:

	Deficit Fund Balances
<u>Special Revenue Funds:</u>	
Title VI-B	\$10,223
Title VI-R	217

The deficits in the special revenue funds are the result of the recognition of payables in accordance with Generally Accepted Accounting Principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.



**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$528,287	(\$51,177)	\$30,052	(\$8,597,805)
Revenue Accruals	(217,085)	6,083	2,391	45,154
Expenditure Accruals	77,867	(60,875)	0	1,390,729
Other Financing Sources	(91,960)		0	0
GASB 31	(14,915)	0	0	(79,118)
Encumbrances	(181,172)	(30,838)	0	(9,094,459)
Budget Basis	\$101,022	(\$136,807)	\$32,443	(\$16,335,499)

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

	Enterprise
Net Income/Excess of Revenues Over (Under) Expenses Proprietary Fund Type	
GAAP Basis	\$35,469
Revenue Accrual	1,465
Expense Accrual	(15,387)
Prepaid Items	3,902
Capital Outlay	(4,884)
Materials and Supplies Inventory	115
Inventory Held for Resale	2,463
Depreciation Expense	15,832
Encumbrances	(3,108)
Budget Basis	\$35,867

**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School 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 Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. 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 through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classification by at least two nationally recognized rating agencies.

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. 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.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Cash On Hand: At year end, the School District had \$26 in undeposited cash on hand which is included on the balance sheet of the School District as part of "cash and cash equivalents".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$206,941 and the bank balance was \$805,325. Of the bank balance, \$200,010 was covered by federal depository insurance and \$605,315 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying and Fair Value</u>
STAR Ohio	\$0	\$0	\$5,865,951
Repurchase Agreements	0	811,726	811,726
U.S. Treasury Notes	1,940,141	0	1,940,141
Federal Home Loan Bank Notes	1,993,375	0	1,993,375
Federal Home Loan Bank Discount Notes	997,142	0	997,142
Federal National Mortgage Association Discount Notes	1,490,459	0	1,490,459
Federal National Mortgage Association Notes	2,738,573	0	2,738,573
Federal Home Loan Mortgage Corporation Notes	494,840	0	494,840
Federal Home Loan Mortgage Corporation Discount Notes	<u>499,553</u>	<u>0</u>	<u>499,553</u>
Total	<u>\$10,154,083</u>	<u>\$811,726</u>	<u>\$16,831,760</u>

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

The federal agency securities have maturities ranging from July 2000 to June 2001. The treasury notes have maturities ranging from August 2000 to November 2000.

The classification of cash and cash equivalents and investments on the combined 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."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$7,880,541	\$9,158,186
Investments of the Cash Management Pool:		
Cash on Hand	(26)	0
STAR Ohio	(5,865,951)	5,865,951
Repurchase Agreements	(811,726)	811,726
Federal National Mortgage Association Discount Notes	(496,344)	496,344
Federal Home Loan Mortgage Corporation Discount Notes	(499,553)	499,553
GASB Statement 3	\$206,941	\$16,831,760

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 7 - PROPERTY TAXES** (continued)

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$232,083,710	89.4%	\$277,821,580	90.9%
Public Utility	21,348,180	8.2	20,038,240	6.6
Tangible Personal Property	6,210,450	2.4	7,589,850	2.5
Total Assessed Value	<u>\$259,642,340</u>	<u>100.0%</u>	<u>\$305,449,670</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation	\$47.16		\$45.15	

The School District receives property taxes from Licking County and Fairfield County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 7 - PROPERTY TAXES** (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was not received until July 2000, in the amount of \$65,106 in the general fund, \$12,049 in the bond retirement debt service fund, and \$5,394 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2000, \$469,579 was available to the School District and is recognized as revenue. \$334,512 was available to the general fund, \$99,210 was available to the bond retirement debt service fund, and \$35,857 was available to the permanent improvement capital projects fund at June 30, 2000.

**NOTE 8 - INCOME TAX**

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on February 15, 1990, and remains as a continuous levy. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), accrued interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 9 - RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
CAFS	\$4,949
Driver's Education	2,500
Retarded and Disabled Programs	277
Total General Fund	7,726
Special Revenue Funds	
Title I Grant	9,053
Capital Projects Funds	
SchoolNet Funding	6,000
Enterprise Fund	
National School Lunch Program	14,628
Total Intergovernmental Receivables	\$37,407

**NOTE 10 - FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$433,954
Less Accumulated Depreciation	(342,305)
Net Fixed Assets	\$91,649



**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 10 - FIXED ASSETS** (continued)

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Restated Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$704,520	\$93,454	\$0	\$797,974
Buildings and Improvements	13,724,594	95,675	(31,600)	13,788,669
Furniture, Fixtures and Equipment	3,147,778	330,526	(7,870)	3,470,434
Vehicles	1,602,316	193,891	(121,025)	1,675,182
Construction in Progress	716,848	9,930,354	0	10,647,202
Total General Fixed Assets	<u>\$19,896,056</u>	<u>\$10,643,900</u>	<u>(\$160,495)</u>	<u>\$30,379,461</u>

The School District's construction in progress at June 30, 2000 consists of major renovations of an elementary school, the middle school and high school.

**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Agribusiness Insurance for property, crime, boiler, machinery, and inland marine coverage insurance; State Farm Insurance for fleet insurance; Acord Insurance for general, builder's risk, and employee benefits liability insurance with an additional umbrella policy. Coverages provided are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$27,999,700
Inland Marine Coverage	
Hardware (\$250 deductible)	415,000
Software (\$250 deductible)	185,000
Extra Expense (\$250 deductible)	150,000
Public Employee Dishonesty (\$500 deductible)	50,000
Fleet Insurance	1,000,000
General Liability	
Per occurrence	1,000,000
Aggregate Per Year	5,000,000
Umbrella Liability	
Per occurrence	2,000,000
Aggregate Per Year	2,000,000
Builder's Risk (\$1,000 deductible)	15,358,875

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 11 - RISK MANAGEMENT** (continued)

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

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$138,433, \$194,361 and \$214,263, respectively; 47 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$73,698, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$565,053, \$559,286 and \$864,952, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$93,662 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$753,405 for fiscal year 2000.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 13 - POSTEMPLOYMENT BENEFITS** (continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$259,124.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**NOTE 14 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated by employees with no maximum carrying amount. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 220 days plus one additional day of severance pay for every ten days of accumulated sick leave over the 220 day limit for all personnel.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 14 - EMPLOYEE BENEFITS** (continued)

**B. Health Care Benefits**

The School District provides health and drug insurance for all eligible employees through Medical Mutual of Ohio. The School District pays medical and drug monthly premiums for staff of \$506.22 for family coverage and \$187.49 for single coverage. The School District also provides dental insurance for all eligible employees through Coresource, Inc. The total monthly premium for dental insurance coverage is \$13.20 for family and single coverage. The School District provides life insurance and accidental death and dismemberment insurance to most employees through Coresource, Inc. Premiums are paid from the same funds that pay the employees' salaries.

**C. Retirement Incentive**

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

**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for copiers. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of copiers have been capitalized in the general fixed assets account group in the amount of \$269,601. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$44,522 in the governmental funds.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE** (continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	\$71,060
2002	54,792
2003	22,154
2004	22,375
2005	5,594
Total	175,975
Less: Amount Representing Interest	(20,789)
Present Value of Net Minimum Lease Payments	\$155,186

**NOTE 16 - CONTRACT OBLIGATIONS**

As of June 30, 2000, the School District had contractual purchase commitments for several projects. The amount for each project is as follows:

Contractor	Fund	Purchase Commitments	Amounts Paid as of 6/30/00	Amounts Remaining on Contracts
City Electric Service Inc.	Building Construction	\$1,219,752	\$418,171	\$801,581
Cody Ziegler Inc.	Building Construction	5,574,619	2,729,394	2,845,225
Howard's Sheet Metal	Building Construction	684,809	671,537	13,272
Kalkreuth Roofing & Sheet	Building Construction	455,340	30,240	425,100
LTM Plumbing & HVAC Co. Inc.	Building Construction	338,173	105,248	232,925
Synergy Mechanical Contractors	Building Construction	\$656,500	\$541,225	\$115,275

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 16 - CONTRACT OBLIGATIONS** (continued)

<u>Contractor</u>	<u>Fund</u>	<u>Purchase Commitments</u>	<u>Amounts Paid as of 6/30/00</u>	<u>Amounts Remaining on Contracts</u>
Williams Excavating & Asphalt	Building Construction	\$16,325	\$11,059	\$5,266
The Quandel Group Inc.	Building Construction	1,140,000	699,000	441,000
K and W Roofing	Building Construction	118,050	117,050	1,000
Glass Service Co. Inc.	Building Construction	229,757	25,000	204,757
Kel-Par Co.	Building Construction	1,743,900	558,992	1,184,908
Precision Electrical Services	Building Construction	266,690	207,344	59,346
Apex Construction	Building Construction	<u>2,189,046</u>	<u>2,152,771</u>	<u>36,275</u>
Totals		<u>\$14,632,961</u>	<u>\$8,267,031</u>	<u>\$6,365,930</u>

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 17 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Restated Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Energy Conservation Note Payable	\$340,000	\$0	(\$105,000)	\$235,000
Etna Elementary School Improvement Bond	6,215,000	0	(235,000)	5,980,000
School Improvement Bond	19,120,000	0	(280,000)	18,840,000
High School Improvement Bond	250,000	0	(125,000)	125,000
Capital Leases	107,748	91,960	(44,522)	155,186
Pension Obligation	143,591	179,201	(143,591)	179,201
Retirement Incentive	0	10,000	0	10,000
Compensated Absences	1,402,847	228,520	(34,289)	1,597,078
Total General Long-Term Obligations	<u>\$27,579,186</u>	<u>\$509,681</u>	<u>(\$967,402)</u>	<u>\$27,121,465</u>

On September 1, 1991, the School District issued \$901,823 with 6.625% interest, unvoted energy conservation notes for the purpose of installing energy conservation improvements for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2001. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations.

On April 1, 1995, the School District issued School Improvement Bonds for \$6,638,000, with a varying interest rate of 4.3 to 5.75%, for the purpose of constructing, renovating, furnishing, and equipping school buildings. The bond was issued for a twenty-eight year period with final maturity during fiscal year 2023. The debt is being repaid by tax revenues through the bond retirement fund.

On March 15, 1999, the School District also issued School Facilities Construction and Improvement Bonds for \$19,120,000, with a varying interest rate of 3.1 to 5.15%, for the purpose of constructing, renovating, furnishing, and equipping school buildings. The bond was issued for a twenty-eight year period with final maturity during fiscal year 2026. Tax proceeds from the debt service fund will be used to meet current fiscal year obligations.



**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 17 - LONG-TERM OBLIGATIONS** (continued)

In March 1978, the School District issued Construction Bonds for \$2,750,000, with an interest rate of 5.875%, in general obligation bonds for the purpose of renovating the high school building. The bonds were issued for a twenty-two year period with final maturity during fiscal year 2001. The debt is being repaid through the bond retirement fund.

The School District's overall legal debt margin was \$3,473,143, with an unvoted debt margin of \$305,450 at June 30, 2000.

Debt service requirements to maturity on the bonds and energy conservation note, including \$20,976,974 in interest, are as follows:

Year Ending June 30	General Long-Term Obligations Account Group
2001	\$2,185,491
2002	2,231,363
2003	2,203,325
2004	1,728,940
2005	1,804,505
2006	1,880,375
2007-09	4,132,313
2010-12	4,683,666
2013-15	5,306,360
2016-18	6,022,123
2019-21	5,683,103
2022-24	3,907,870
2025-26	4,387,540
Total	\$46,156,974

Capital leases will be paid from the general fund. Compensated absences, the retirement incentive, and the pension obligation will be paid from the fund which pays the employees' salaries.

**NOTE 18 - INTERFUND ACTIVITY**

Interfund balances at June 30, 2000, consist of the following individual fund receivables and payables:

<u>Due from/Due to Other Funds</u>	<u>Recipient</u>	<u>Payer</u>
General Fund	\$7,197	\$0
Agency Fund:		
Payroll Agency	0	7,197
Total Due from/Due to Other Funds	\$7,197	\$7,197

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Licking Area Computer Association**

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services thirteen entities within the boundaries of Licking and Muskingum Counties. These entities consist of public school districts and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The School District's payments to LACA for fiscal year 2000 was \$44,010. Financial statements for LACA can be obtained from their fiscal agent - the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

**B. Metropolitan Educational Council**

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 135 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The School District does not participate in the insurance pool. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2000 was \$1,201. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

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

The Central Ohio Educational Resource Center (COSERRC) provides special education services at a regional level and assists school districts in complying with the mandates of P.L. 101-476 and P.L. 99-457 for educating children with disabilities. There is no financial commitment by the School District for its participation in the projects. The School District has one representative on the governing board. Further information may be obtained by contacting the Central Ohio Special Education Regional Resource Center at 470 Glenmont Avenue, Columbus, Ohio 43214.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 20 - RELATED ORGANIZATION**

**Pataskala Public Library**

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

**NOTE 21 - INSURANCE PURCHASING POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

**NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 22 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (continued)

The following cash basis information describes the change in the year end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$217,701
Current Year Set-aside Requirement	393,975	393,975	131,325
Current Year Offsets	(11,580)	(898,615)	(92,023)
Qualifying Disbursements	(417,386)	(8,916,091)	0
Totals	<u>(\$34,991)</u>	<u>(\$9,420,731)</u>	<u>\$257,003</u>
Balance Carried Forward to FY 2001	<u>(\$34,991)</u>	<u>(\$9,420,731)</u>	<u>\$257,003</u>
Cash balances/qualifying carry forward to FY 2001	<u>\$34,991</u>	<u>\$9,420,731</u>	<u>\$257,003</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$257,003.

**NOTE 23 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

As of June 30, 2000, the School District had two lawsuits pending. The School District is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

**Southwest Licking Local School District, Ohio**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 24 - STATE FOUNDATION FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 2000, the School District received \$7,980,500 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "... the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "... major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**NOTE 25 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains one enterprise fund which provides lunchroom/cafeteria services, therefore, segment information for the year ended June 30, 2000 is not presented.

## **SUPPLEMENTAL DATA**

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (C) Food Distribution	10.550	N/A		\$33,888		\$33,888
(A) (D) National School Lunch Program	10.555	N/A	\$107,405		\$107,405	
<b>Total U. S. Department of Agriculture- Nutrition Cluster</b>			<u>107,405</u>	<u>33,888</u>	<u>107,405</u>	<u>33,888</u>
<b>U. S. DEPARTMENT OF LABOR PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
School To Work	17.249	048041-WK-BE-99	0		21,949	
<b>Total U. S. Department of Labor</b>			<u>0</u>		<u>21,949</u>	
<b>U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	048041-C1-S1 99	0		6,089	
Title I - Grants to Local Educational Agencies	84.010	048041-C1-S1 99C	1,075		1,075	
Title I - Grants to Local Educational Agencies	84.010	048041-C1-S1 00	174,963		174,921	
<b>Total Title I</b>			<u>176,038</u>		<u>182,085</u>	
<b>Special Education Cluster:</b>						
(B) Title VI-B - Education of the Handicapped Act	84.027	048041-6B-SF 99P	11,153		17,375	
(B) Title VI-B - Education of the Handicapped Act	84.027	048041-6B-SF 00P	107,346		106,978	
<b>Total Special Education Cluster</b>			<u>118,499</u>		<u>124,353</u>	
Safe and Drug-Free Schools Grants	84.186	048041-DR-S1 98	0		3,318	
Safe and Drug-Free Schools Grants	84.186	048041-DR-S1 99	4,312		9,915	
Safe and Drug-Free Schools Grants	84.186	048041-DR-S1 00	8,064		7,748	
<b>Total Safe and Drug-Free Schools Grant</b>			<u>12,376</u>		<u>20,981</u>	
Goals 2000	84.276	048041-G2-S1 99	0		10,000	
Eisenhower Professional Development Grant	84.281	048041-MS-S1 00	1,000		1,000	
Title VI - Innovative Educational Program Strategies	84.298	048041-C2-S1 99C	3,325		3,325	
Title VI - Innovative Educational Program Strategies	84.298	048041-C2-S1 99	0		5	
Title VI - Innovative Educational Program Strategies	84.298	048041-C2-S1 00	13,116		12,935	
<b>Total Title VI-Innovative Educational Program Strategies</b>			<u>16,441</u>		<u>16,265</u>	
Title VI-R - Classroom Size Reduction Grant	84.340	048041-CR-S1 00	14,147		10,248	
<b>Total U. S. Department of Education</b>			<u>338,501</u>		<u>364,932</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:</b>						
Community Alternative Funding System Program	93.778	N/A	31,602		31,602	
<b>Total U. S. Department of Health and Human Services</b>			<u>31,602</u>		<u>31,602</u>	
<b>Total Federal Financial Assistance</b>			<u>\$477,508</u>	<u>\$33,888</u>	<u>\$525,888</u>	<u>\$33,888</u>

- (A) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (B) Included as part of "Special Education Grant Cluster" in determining major programs.
- (C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (D) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) This schedule was prepared on the cash basis of accounting.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **Report on Compliance And on Internal Control Required By *Government Auditing Standards***

Board of Education  
Southwest Licking Local School District  
PO Box 180  
Etna, Ohio 43018-0180

We have audited the general purpose financial statements of Southwest Licking Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated December 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Southwest Licking Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance, which we have reported to the management of Southwest Licking Local School District in a separate letter dated December 4, 2000.



Board of Education  
Southwest Licking Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Licking Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to the management of Southwest Licking Local School District in a separate letter dated December 4, 2000.

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

Trimble, Julian & Grube, Inc.  
December 4, 2000

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

Board of Education  
Southwest Licking Local School District  
PO Box 180  
Etna, Ohio 43018-0180

### Compliance

We have audited the compliance of Southwest Licking Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. Southwest Licking Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Southwest Licking Local School District's management. Our responsibility is to express an opinion on Southwest Licking Local School District's compliance based on our audit.

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

Board of Education  
Southwest Licking Local School District

In our opinion, Southwest Licking Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of Southwest Licking Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Licking Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Trimble, Julian & Grube, Inc.  
December 4, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No

**SCHEDULE OF FINDINGS**  
***OMB CIRCULAR A-133 § .505***

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY**  
**JUNE 30, 2000**

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY  
JUNE 30, 2000  
STATUS OF PRIOR AUDIT FINDINGS**

<u><b>NONCOMPLIANCE</b></u>	<u><b>STATUS</b></u>	<u><b>EXPLANATION IF NOT FULLY IMPLEMENTED</b></u>
Section 5705.41 (B), Revised Code, requiring that all expenditures of money must be lawfully appropriated. (99-001)	Not Corrected	The District is aware of this requirement and is attempting to monitor the appropriations and expenditures on a more regular basis.
 <u><b>REPORTABLE CONDITIONS</b></u>		
Formal procedure for updating fixed asset additions and deletions. (99-002)	Corrected	N/A



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 16, 2001**