



**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

SINGLE AUDIT

FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
North Fork Local School District
Licking County
P.O. Box 497
Utica, Ohio 43080-0497

We have audited the accompanying general-purpose financial statements of the North Fork Local School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose 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 North Fork Local School District, Licking County, Ohio as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District taken as a whole. The schedule of federal awards receipts and expenditures is presented for 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 also not a required part of the general-purpose financial statements. We subjected this information 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.

JIM PETRO
Auditor of State

January 15, 2002

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North Fork Local School District
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		(Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
Pooled Cash and Cash Equivalents	\$455,833	\$180,777	\$11,825,471	\$1,255,429	\$13,555	\$51,490	\$0	\$0	\$13,782,555
Restricted Cash for Budget Reserves	49,293	0	0	0	0	0	0	0	49,293
Investments	1,186,188	0	0	10,122,607	0	0	0	0	11,308,795
Receivables (Net of Allowance for Uncollectibles)									
Taxes	2,841,048	0	723,674	196,224	0	0	0	0	3,760,946
Accounts	625	2,661	0	0	337	0	0	0	3,623
Interest	1,366	0	0	143,751	0	0	0	0	145,117
Due from Other Governments	710	47,435	0	39,582	0	0	0	0	87,727
Interfund Loans Receivable	10,710	0	0	0	0	0	0	0	10,710
Materials and Supplies Inventory	0	0	0	0	8,530	0	0	0	8,530
Property, Plant and Equipment (Net Where Applicable)	0	0	0	0	48,848	0	7,905,145	0	7,953,993
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	11,787,975	11,787,975
Amount to be Provided for Retirement of General Long- Term Obligations	0	0	0	0	0	0	0	360,511	360,511
Total Assets and Other Debits	\$4,545,773	\$230,873	\$12,549,145	\$11,757,593	\$71,270	\$51,490	\$7,905,145	\$12,148,486	\$49,259,775

The notes to the financial statements are an integral part of this statement.

(Continued)

North Fork Local School District
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2001
(Continued)

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts Payable	\$41,752	\$8,103	\$0	\$12,343	\$34	\$311	\$0	\$0	\$62,543
Accrued Wages and Benefits	830,716	74,019	0	0	29,707	0	0	0	934,442
Intergovernmental Payable	170,286	11,084	0	0	20,046	0	0	93,489	294,905
Deferred Revenues	2,614,767	47,435	664,011	221,824	6,073	0	0	0	3,554,110
Due to Students	0	0	0	0	0	43,660	0	0	43,660
Compensated Absences Payable	98,913	0	0	0	11,199	0	0	605,620	715,732
Accrued Interest	0	0	97,159	276,040	0	0	0	0	373,199
Interfund Loans Payable	0	10,710	0	0	0	0	0	0	10,710
Bond Anticipation Notes Payable	0	0	0	11,400,000	0	0	0	0	11,400,000
General Obligation Bonds Payable	0	0	0	0	0	0	0	11,400,000	11,400,000
Capital Lease Obligations	0	0	0	0	0	0	0	49,377	49,377
Total Liabilities	3,756,434	151,351	761,170	11,910,207	67,059	43,971	0	12,148,486	28,838,678
EQUITY AND OTHER CREDITS									
Contributed Capital	0	0	0	0	11,142	0	0	0	11,142
Investment in General Fixed Assets	0	0	0	0	0	0	7,905,145	0	7,905,145
Retained Earnings	0	0	0	0	(6,931)	0	0	0	(6,931)
Fund Balance									
Reserved for Property Taxes	194,300	0	53,400	12,300	0	0	0	0	260,000
Reserved for Encumbrances	202,627	25,895	0	34,197	0	816	0	0	263,535
Reserved for Debt Service	0	0	11,734,575	0	0	0	0	0	11,734,575
Reserved for Endowment	0	0	0	0	0	5,147	0	0	5,147
Reserved for Budget Stabilization	49,293	0	0	0	0	0	0	0	49,293
Unreserved									
Undesignated	343,119	53,627	0	(199,111)	0	1,556	0	0	199,191
Total Equity and Other Credits	789,339	79,522	11,787,975	(152,614)	4,211	7,519	7,905,145	0	20,421,097
Total Liabilities and Fund Equity	\$4,545,773	\$230,873	\$12,549,145	\$11,757,593	\$71,270	\$51,490	\$7,905,145	\$12,148,486	\$49,259,775

The notes to the financial statements are an integral part of this statement.

North Fork Local School District
Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
Revenues						
Taxes	\$2,892,513	\$0	\$432,630	\$171,217	\$0	\$3,496,360
Tuition and Fees	312,839	0	0	0	0	312,839
Earnings on Investments	221,629	0	0	365,425	22	587,076
Intergovernmental	6,042,451	720,096	42,139	178,208	0	6,982,894
Sales	109	0	0	0	0	0
Extracurricular	0	307,279	0	0	0	307,279
Other	8,430	16,479	0	0	1,000	25,909
Total Revenues	9,477,971	1,043,854	474,769	714,850	1,022	11,712,357
Expenditures						
Current Operating						
Instruction	5,357,910	505,806	0	194,128	1,000	6,058,844
Pupil Support Services	861,426	18,092	0	0	0	879,518
Instructional Support Services	156,365	88,275	0	698	0	245,338
Administration	943,216	47,945	0	295	0	991,456
Business and Fiscal Services	267,120	0	6,615	2,629	0	276,364
Operation and Maintenance of						
Plant Services	739,311	0	0	7,802	0	747,113
Transportation Services-Pupils	818,973	0	0	57,101	0	876,074
Other Support Services	118,611	8,598	0	0	0	127,209
Extracurricular Activities	235,401	302,729	0	0	0	538,130
Community Services	0	0	0	0	0	0
Capital Outlay	38,558	94,740	0	499,492	0	632,790
Debt Service						
Principal	31,603	0	0	0	0	31,603
Interest	5,093	0	97,159	276,040	0	378,292
Total Expenditures	9,573,587	1,066,185	103,774	1,038,185	1,000	11,782,731
Excess of Revenues Over (Under)						
Expenditures	(95,616)	(22,331)	370,995	(323,335)	22	(70,374)
Other Financing Sources (Uses)						
Operating Transfers In	812	76,251	0	3,862	0	80,925
Operating Transfers Out	(189,925)	0	0	0	0	(189,925)
Proceeds from the Sales of Bonds	0	0	11,400,000	0	0	11,400,000
Other	41,310	0	16,980	0	0	58,290
Total Other Financing Sources (Uses)	(147,803)	76,251	11,416,980	3,862	0	11,349,290
Excess of Revenues and Other Financing						
Sources Over (Under) Expenditures						
and Other Financing Uses	(243,419)	53,920	11,787,975	(319,473)	22	11,278,916
Fund Balances at Beginning of Year	1,032,758	25,602	0	166,859	1,437	1,226,656
Fund Balances at End of Year	\$789,339	\$79,522	\$11,787,975	(\$152,614)	\$1,459	\$12,505,572

The notes to the financial statements are an integral part of this statement.

North Fork Local School District
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$2,819,517	\$2,819,516	(\$1)
Tuition and Fees	312,922	312,927	5
Earnings on Investments	220,666	220,648	(18)
Intergovernmental	6,044,093	6,044,089	(4)
Extracurricular	0	0	0
Other	8,242	8,375	133
Total Revenues	9,405,440	9,405,555	115
Expenditures			
Current Operating			
Instruction	5,446,791	5,432,236	14,555
Pupil Support Services	888,606	864,604	24,002
Instructional Support Services	171,945	169,202	2,743
Administration	986,453	972,999	13,454
Business and Fiscal Services	262,183	259,853	2,330
Operation and Maintenance of Plant Services	783,419	776,145	7,274
Transportation Services-Pupils	838,880	824,448	14,432
Other Support Services	157,407	122,260	35,147
Extracurricular Activities	249,335	235,105	14,230
Capital Outlay	44,484	38,558	5,926
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	9,829,503	9,695,410	134,093
Excess of Revenues Over (Under) Expenditures	(424,063)	(289,855)	134,208
Other Financing Sources (Uses)			
Operating Transfers In	812	812	0
Operating Advances In	136,827	136,827	0
Operating Transfers Out	(189,926)	(189,925)	1
Operating Advances Out	(10,710)	(10,710)	0
Proceeds from Sale of Notes	0	0	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Fixed Assets	5,600	5,600	0
Other	(546,908)	35,975	582,883
Total Other Financing Sources (Uses)	(604,305)	(21,421)	582,884
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,028,368)	(311,276)	717,092
Unencumbered Fund Balances at Beginning of Year	1,613,052	1,613,052	0
Prior Year Encumbrances Appropriated	168,012	168,012	0
Unencumbered Fund Balances at End of Year	\$752,696	\$1,469,788	\$717,092

The notes to the financial statements are an integral part of this statement.

(Continued)

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$372,966	\$372,966	\$0
0	0	0	0	0	0
0	0	0	0	0	0
784,227	784,227	0	42,140	42,139	(1)
262,969	265,892	2,923	0	0	0
47,994	47,994	0	0	0	0
<u>1,095,190</u>	<u>1,098,113</u>	<u>2,923</u>	<u>415,106</u>	<u>415,105</u>	<u>(1)</u>
519,842	497,230	22,612	0	0	0
19,022	18,067	955	0	0	0
107,606	88,158	19,448	0	0	0
53,041	47,425	5,616	0	0	0
0	0	0	6,620	6,615	5
0	0	0	0	0	0
0	0	0	0	0	0
15,501	8,598	6,903	0	0	0
333,477	326,847	6,630	0	0	0
94,740	94,740	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,143,229</u>	<u>1,081,065</u>	<u>62,164</u>	<u>6,620</u>	<u>6,615</u>	<u>5</u>
(48,039)	17,048	65,087	408,486	408,490	4
77,527	77,528	1	0	0	0
10,710	10,710	0	0	0	0
(1,280)	(1,277)	3	0	0	0
(66,997)	(66,997)	0	0	0	0
0	0	0	0	0	0
0	0	0	11,400,000	11,400,000	0
0	0	0	0	0	0
0	0	0	16,979	16,980	1
<u>19,960</u>	<u>19,964</u>	<u>4</u>	<u>11,416,979</u>	<u>11,416,980</u>	<u>1</u>
(28,079)	37,012	65,091	11,825,465	11,825,470	5
87,358	87,358	0	0	0	0
29,039	29,039	0	0	0	0
<u>\$88,318</u>	<u>\$153,409</u>	<u>\$65,091</u>	<u>\$11,825,465</u>	<u>\$11,825,470</u>	<u>\$5</u>

(continued)

North Fork Local School District
Combined Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
Year Ended June 30, 2001
(Continued)

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$165,590	\$165,589	(\$1)
Tuition and Fees	0	0	0
Earnings on Investments	129,850	134,473	4,623
Intergovernmental	178,211	178,208	(3)
Extracurricular	0	0	0
Other	0	0	0
Total Revenues	473,651	478,270	4,619
Expenditures			
Current Operating			
Instruction	215,199	197,161	18,038
Pupil Support Services	0	0	0
Instructional Support Services	698	698	0
Administration	300	295	5
Business and Fiscal Services	2,630	2,629	1
Operation and Maintenance of Plant Services	13,225	13,222	3
Transportation Services-Pupils	57,101	57,101	0
Other Support Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	519,234	515,245	3,989
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Expenditures	808,387	786,351	22,036
Excess of Revenues Over (Under) Expenditures	(334,736)	(308,081)	26,655
Other Financing Sources (Uses)			
Operating Transfers In	3,862	3,862	0
Operating Advances In	0	0	0
Operating Transfers Out	0	0	0
Operating Advances Out	(69,830)	(69,830)	0
Proceeds from Sale of Notes	11,400,000	11,400,000	0
Proceeds from Sale of Bonds	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Other	0	0	0
Total Other Financing Sources (Uses)	11,334,032	11,334,032	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,999,296	11,025,951	26,655
Unencumbered Fund Balances at Beginning of Year	141,177	141,177	0
Prior Year Encumbrances Appropriated	87,167	87,167	0
Unencumbered Fund Balances at End of Year	\$11,227,640	\$11,254,295	\$26,655

The notes to the financial statements are an integral part of this statement.

(Continued)

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,358,073	\$3,358,071	(\$2)
312,922	312,927	5
350,516	355,121	4,605
7,048,671	7,048,663	(8)
262,969	265,892	2,923
56,236	56,369	133
<u>11,389,387</u>	<u>11,397,043</u>	<u>7,656</u>
6,181,832	6,126,627	55,205
907,628	882,671	24,957
280,249	258,058	22,191
1,039,794	1,020,719	19,075
271,433	269,097	2,336
796,644	789,367	7,277
895,981	881,549	14,432
172,908	130,858	42,050
582,812	561,952	20,860
658,458	648,543	9,915
0	0	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>11,787,739</u>	<u>11,569,441</u>	<u>218,298</u>
(398,352)	(172,398)	225,954
82,201	82,202	1
147,537	147,537	0
(191,206)	(191,202)	4
(147,537)	(147,537)	0
11,400,000	11,400,000	0
11,400,000	11,400,000	0
5,600	5,600	0
<u>(529,929)</u>	<u>52,955</u>	<u>582,884</u>
<u>22,166,666</u>	<u>22,749,555</u>	<u>582,889</u>
21,768,314	22,577,157	808,843
1,841,587	1,841,587	0
284,218	284,218	0
<u>\$23,894,119</u>	<u>\$24,702,962</u>	<u>\$808,843</u>

North Fork Local School District
Combined Statement of Revenues, Expenditures
and Changes in Retained Earnings (Deficit) /Fund Balance
Proprietary Fund Type and Similar Fiduciary Fund
Year Ended June 30, 2001

	Proprietary Fund	Fiduciary Fund	Totals (Memorandum Only)
Operating Revenues			
Tuition and Fees	\$44,553	\$0	\$44,553
Earnings on Investments	0	108	108
Sales	280,543	0	280,543
Other	0	5,136	5,136
Total Operating Revenues	<u>325,096</u>	<u>5,244</u>	<u>330,340</u>
Operating Expenses			
Salaries and Wages	159,614	0	159,614
Fringe Benefits	73,546	0	73,546
Purchased Services	10,625	0	10,625
Materials and Supplies	301,661	0	301,661
Noncapital Equipment	4,997	0	4,997
Depreciation Expense	3,019	0	3,019
Other	12,456	0	12,456
Total Operating Expenses	<u>565,918</u>	<u>0</u>	<u>565,918</u>
Operating Income (Loss)	(240,822)	5,244	(235,578)
Nonoperating Revenues (Expenses)			
Intergovernmental Revenues	133,449	0	133,449
Sale of Assets	0	0	0
Total Nonoperating Revenues (Expenses)	<u>133,449</u>	<u>0</u>	<u>133,449</u>
Income (Loss) Before Operating Transfers	(107,373)	5,244	(102,129)
Operating Transfers In	<u>109,000</u>	<u>0</u>	<u>109,000</u>
Net Income (Loss)	<u>1,627</u>	<u>5,244</u>	<u>6,871</u>
Accumulated Deficit /Fund Balance at Beginning of Year	<u>(8,558)</u>	<u>0</u>	<u>(8,558)</u>
Accumulated Deficit/Fund Balance at End of Year	<u><u>(\$6,931)</u></u>	<u><u>\$5,244</u></u>	<u><u>(\$1,687)</u></u>

The notes to the financial statements are an integral part of this statement.

North Fork Local School District
Combined Statement of Cash Flows
Proprietary Fund Type and Similar Fiduciary Fund
Year Ended June 30, 2001

	<u>Proprietary Funds</u>	<u>Fiduciary Fund</u>	<u>Total (Memorandum Only)</u>
Cash Flow from Operating Activities:			
Operating Income (Loss)	(\$240,822)	\$5,244	(\$235,578)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Depreciation	3,019	0	3,019
Decrease (Increase) in Amounts Due from Other Governments	0	0	0
Decrease (Increase) in Supplies & Materials Inventory	(749)	0	(749)
Decrease (Increase) in Accounts Receivable	(337)	0	(337)
(Decrease) Increase in Accounts Payable	(766)	0	(766)
(Decrease) Increase in Intergovernmental Payable	1,655	0	1,655
(Decrease) Increase in Accrued Wages & Benefits	3,237	0	3,237
(Decrease) Increase in Compensated Absences Payable	811	0	811
(Decrease) Increase in Deferred Revenue	43	0	43
Net Cash provided by (Used in) Operating Activities	<u>6,913</u>	<u>0</u>	<u>6,913</u>
Cash Flow from Non Capital Financing Activities:			
Intergovernmental Revenue	133,449	0	133,449
Transfers In	<u>109,000</u>	<u>0</u>	<u>109,000</u>
Net Cash provided by (Used in) Noncapital Financing Activities	<u>242,449</u>	<u>0</u>	<u>242,449</u>
(Decrease) Increase in Cash for the Year	8,540	5,244	13,784
Cash at Beginning of Year	<u>5,015</u>	<u>0</u>	<u>5,015</u>
Cash at End of Year	<u><u>\$13,555</u></u>	<u><u>\$5,244</u></u>	<u><u>\$18,799</u></u>

The notes to the financial statements are an integral part of this statement.

North Fork Local School District
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Proprietary Funds
Year Ended June 30, 2001

	Proprietary Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sales	\$323,769	\$324,759	\$990
Total Revenues	323,769	324,759	990
Operating Expenditures			
Salaries and Wages	157,515	157,484	31
Fringe Benefits	70,090	69,973	117
Purchased Services	11,963	11,891	72
Supplies, Materials and Texts	281,925	281,481	444
Capital Outlay	5,005	4,997	8
Other Expenditures	13,236	13,229	7
Total Expenditures	539,734	539,055	679
Excess of Revenues Over (Under) Expenditures	(215,965)	(214,296)	1,669
Other Financing Sources (Uses)			
Intergovernmental Revenues	101,958	101,958	0
Operating Transfers In	109,000	109,000	0
Total Other Financing Sources (Uses)	210,958	210,958	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,007)	(3,338)	1,669
Unencumbered Fund Balance at Beginning of Year	109	109	0
Prior Year Encumbrances Appropriated	4,904	4,904	0
Unencumbered Fund Balance at End of Year	<u>\$6</u>	<u>\$1,675</u>	<u>\$1,669</u>

The notes to the financial statements are an integral part of this statement.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

North Fork 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 1957 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 156 square miles. It is located in Licking and Knox Counties, and includes all of the Villages of Utica and St. Louisville, a portion of the City of Newark; all of McKean, Newton, and Washington Townships; and portions of Burlington, Eden, and Mary Ann Townships in Licking County. It also includes all of the Village of Martinsburg and parts of Morgan and Clay Townships in Knox County. The School District is the 300th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 83 classified employees, 115 certificated full-time teaching personnel and 13 administrative employees who provide services to 1828 students and other community members. The School District currently operates 5 instructional buildings, 1 administrative building, and 1 bus maintenance garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure 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 The School District, this includes general operations, food service, 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 organizations' resources; the School District is legally obligated or has 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 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. There are no component units of the School District.

The School District is associated with five organizations, four of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations include the Licking Area Computer Association, Licking County Joint Vocational School, Metropolitan Educational Council, Central Ohio Special Education Regional Resource Center, and the Ohio School Board Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 most significant of the School District's accounting policies are described below.

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 the proprietary fund) 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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Governmental Fund Types: (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 or trust funds).

Proprietary Fund Type:

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

Enterprise Funds -Enterprise fund is used to account for operations 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 Type:

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 expendable trust , nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds use the same flow of economic resources measurement focus and full accrual basis of accounting, similar to proprietary 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 or trust funds.

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 or trust funds.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present 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, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported 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. 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 Process

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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. 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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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 fiscal 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 2001.

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 must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels 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 and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, 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; however, none of these amendments were significant. The budget figures that 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.

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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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, all cash received by the School District is pooled. Monies for all funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2001, investments were limited to a repurchase agreement sweep account, STAROhio, U.S. Treasury securities and federal agency securities.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

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 2001 amounted to \$221,629 which includes \$165,091 assigned from other School District funds.

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. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 23 for additional information regarding set-asides.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Receivables and Payables

Receivables and payables to be recorded on the School District's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

G. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those results.

H. Inventory

Inventories of governmental funds are stated at cost 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 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

I. 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 are capitalized in the respective 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 (\$500.00). The School District does not have any infrastructure.

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 proprietary 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 proprietary fund is computed using the straight-line method over an estimated useful life of five to twenty years.

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. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Interfund Assets/Liabilities (Continued)

An analysis of the School District's interfund transactions for fiscal year 2001 is presented in Note 18.

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 whom 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 all employees after 10 years of current service with the School and for all employees age 60 and over, regardless of service.

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 judgments, 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. Payments for these obligations made more than 60 days after fiscal year end are considered not to have used current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

M. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for 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 that is available for appropriation in future periods. Fund equity reserves are established for property taxes, encumbrances, debt service, endowment and budget stabilization.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations 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.

N. Contributed Capital

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the amount of contributed capital prior to that date cannot be determined. Recognized contributed capital is as follows:

<u>Year</u>	<u>Source of Capital</u>	<u>Amount</u>
1999	Permanent Improvement Fund	\$ 11,142

O. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary and Other Government Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless pronouncements conflict with or contradict GASB pronouncements.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (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.

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENTS OF FUND BALANCE

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Non-exchange Revenues." The implementation of GASB Statements 33 and 36 had no effect on fund balance at June 30, 2000.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had a deficit fund balance at June 30, 2001:

Special Revenue:

Ohio Reads	(\$51)
Summer School Subsidy	(1,750)
Title I	(30,420)
Title VI	(9,180)
Title VI-R	(7,955)

Capital Project Fund:

Building Fund	(309,468)
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Proprietary Fund:

Food Service	(18,875)
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The deficit special revenue, capital projects and enterprise 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.

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 (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type is 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 expendable trust funds and as note disclosure in the proprietary fund type and nonexpendable trust funds (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).

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

5. Proceeds from and principal payments on bond and revenue anticipation notes 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	(\$243,419)	\$53,920	\$11,787,975	(\$319,473)
Revenue Accruals	(72,149)	54,259	(59,664)	11,163,420
Expenditure Accruals	99,513	12,488	97,159	288,374
Transfers	126,117	(56,287)	0	(69,830)
Encumbrances	(221,338)	(27,368)	0	(36,540)
Budget Basis	<u>(\$311,276)</u>	<u>\$37,012</u>	<u>\$11,825,470</u>	<u>\$11,025,951</u>

Net Loss/Excess of Revenues Over (Under) Expenses, Transfers and Advances
Proprietary Fund Types

	Food Service	Uniform School Supplies
GAAP Basis	(\$9,430)	\$11,057
Revenue Accruals	(31,491)	(337)
Expenditure Accruals	35,722	0
Depreciation Expense	3,019	0
Encumbrances	(1,523)	(10,355)
Budget Basis	<u>(\$3,703)</u>	<u>\$365</u>

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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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 passbook accounts.

Protection of School District deposits is provided by the Federal Deposit Insurance Corporation, 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 may 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 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 any federal government agency 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. Bond and other obligation 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 eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by a least two nationally recognized rating agencies.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: At year end, the carrying amount of the School District's deposits was \$614,970 and the bank balance was \$1,045,634. The entire bank balance was covered by federal depository insurance. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Cash on Hand: At year end, the School District had \$20 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents.

Investments: The School District's investments are required to be categorized 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 for which the securities 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 and Deferred Compensation unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Carrying and Fair Value
Repurchase Agreements	430,872	430,872
STAR Ohio	0	13,771,986
U.S. Treasury Money Market	51,886	51,886
FHLMC Notes	4,064,617	4,064,617
FNMA Notes	1,501,230	1,501,230
FFCB Notes	2,112,138	2,112,138
FHLB Notes	<u>2,592,924</u>	<u>2,592,924</u>
Total	<u>\$10,753,667</u>	<u>\$24,525,653</u>

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 Government Entities That Use Proprietary Fund Accounting".

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

A reconciliation between the classifications of 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:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$13,831,848	\$11,308,795
Certificates of Deposit	\$986,000	(\$986,000)
Investments:		
STAR Ohio	(13,771,986)	13,771,986
Repurchase Agreements	(430,872)	430,872
Cash on Hand	<u>(20)</u>	<u>0</u>
GASB Statement 3	<u>\$614,970</u>	<u>\$24,525,653</u>

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 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes, which became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes, 2001 tangible personal property taxes are levied after April 1, 2000, on the values as of December 31, 2000.

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

7. PROPERTY TAXES (Continued)

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

The assessed values upon which fiscal year 2001 taxes were collected are:

	<u>2000 Second Half Collections</u>		<u>2001 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$121,255,630	85.75%	\$123,428,500	85.59%
Public Utility	14,568,060	10.30%	15,744,570	10.92%
Tangible Personal Property	<u>5,588,940</u>	<u>3.95%</u>	<u>5,035,775</u>	<u>3.49%</u>
Total Assessed Value	<u>\$141,412,630</u>	<u>100.00%</u>	<u>\$144,208,845</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$37.00		\$35.79	

The School District receives property taxes from Licking and Knox Counties. The Licking County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2001 and for which there is an enforceable legal claim. 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. The amount available as an advance is recognized as revenue. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was not received until July, 2001 in the amount of \$31,981 in the General Fund, \$6,263 in the Bond Retirement Debt Service Fund, and \$1,682 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2001, was \$194,300 in the General Fund, \$53,400 in the Bond Retirement Fund, and \$12,300 in the Permanent Improvement Capital Projects Fund.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, 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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

8. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund:	
Vocational Travel Reimbursement	\$710
Special Revenue Funds:	
Eisenhower Grant	722
Title VI-B Grant	8,709
Title I Grant	33,001
Title VI Grant	2,230
Drug Free Grant	<u>2,773</u>
Total Special Revenue Funds	47,435
Capital Projects Funds:	
IVDL Subsidy Grant	<u>39,582</u>
Total Capital Projects Funds	<u>39,582</u>
Total Intergovernmental Receivables	<u><u>\$87,727</u></u>

9. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$158,650
Less: Accumulated Depreciation	<u>(109,802)</u>
Net Fixed Assets	<u><u>\$48,848</u></u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$293,673	\$329,590	\$0	\$623,263
Buildings and Improvements	3,627,011	30,247	0	3,657,258
Furniture, Fixtures and Equipment	1,982,458	152,944	0	2,135,402
Vehicles	1,215,259	168,014	(163,451)	1,219,822
Construction in Progress	0	269,400	0	269,400
Totals	<u><u>\$7,118,401</u></u>	<u><u>\$950,195</u></u>	<u><u>(\$163,451)</u></u>	<u><u>\$7,905,145</u></u>

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Utica National Insurance Group for property, electronic equipment, commercial articles, valuable papers, contractor equipment and crime insurance and through Nationwide Mutual Insurance for general liability insurance and fleet insurance. Coverage provided is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$17,240,630	Utica National
Extra Special Expense (\$1,000 deductible)	250,000	Utica National
Inland Marine Coverage		
Audio Visual Equipment (\$250 deductible)		50,000
		Utica National
Musical Instruments (\$250 deductible)	50,000	Utica National
EDP Coverage (\$250 deductible)	418,000	Utica National
Valuable Papers and Records (\$100 deductible)	25,000	Utica National
Contractors Equipment (\$250 deductible)	50,000	Utica National
Transportation Coverage (\$1,000 deductible)	35,000	Utica National
Boiler and Machinery (\$1,000 deductible)	25,000,000	Utica National
Business Interruption/Extra Expense	6,250,000	Utica National
Spoilage (\$250 deductible)	25,000	Utica National
Crime Insurance (\$500 deductible)	5,000	Utica National
Automobile Liability (\$100 deductible)	500,000	Nationwide Insurance
Medical Payments	5,000	Nationwide Insurance
Uninsured Motorists (\$100 deductible)	500,000	Nationwide Insurance
General Liability		
Per occurrence	1,000,000	Nationwide Insurance
Total per year	3,000,000	Nationwide Insurance
Employee Benefit Liability (\$1,000 deductible)	500,000	Nationwide Insurance

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 year.

For fiscal year 2001, 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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. 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 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, 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 rate for the School District is 14 percent of the 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 2001, 4.2 percent of the annual covered payroll was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$226,001, \$221,448, and \$208,458, respectively; 13.42 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$28,836 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$698,988, \$673,020, and \$637,392, respectively; 83.14 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$50,791 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**NORTH FORK LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2001, two members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

12. 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 funded 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 8.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$399,422 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 million at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 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 fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 1.3 percent for fiscal year 2000. 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 2001 the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$170,687.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for the 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, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for the payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

13. 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 up to a maximum of 200 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 35 days for certified employees, plus 25 percent of accrued personnel leave. In addition, employees with 20 years or more service with the Districts receive 50 percent of accrued sick leave over 140 days.

B. Health Care Benefits

The School District provides health and prescription insurance through United Health Care and dental insurance through CoreSource/Oasis Trust for all eligible employees. During fiscal year 2001, the School District paid \$370.00 and \$196.71 of the medical and prescription insurance monthly premiums for family and single coverage, respectively. The School District paid \$30.00 of the dental insurance monthly composite premium.

The School District provides life insurance and accidental death and dismemberment insurance to most employees through UNUM Life Insurance Company. Premiums are paid from the same funds that pay the employees salaries

14. CAPITAL LEASES – LESSEE DISCLOSURE

The School District has entered into capitalized leases for copier equipment. 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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

14. CAPITAL LEASES – LESSEE DISCLOSURE (Continued)

General fixed assets consisting of equipment have been capitalized in the general fixed assets account group in the amount of \$150,858. 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 2001 totaled \$31,604 in the governmental funds.

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, 2001.

Fiscal Year Ending June 30,	GLTOAG
2002	\$36,696
2003	15,864
Total	\$52,560
Less: Amount Representing Interest	(3,183)
Present Value of Net Minimum Lease Payments	\$49,377

15. CONTRACTUAL OBLIGATIONS

As of June 30, 2001, the School District had contractual purchase commitments for two projects. The amount for each contractor is as follows:

Contractor	Fund	Purchase Commitments	Amounts Paid as of 6/30/01	Amounts Remaining on Contracts
McDonald, Cassell & Bassett	Building	\$715,000	\$231,000	\$484,000
Resource International	Building	<u>153,568</u>	<u>76,800</u>	<u>76,768</u>
Total		<u>\$868,568</u>	<u>\$307,800</u>	<u>\$560,768</u>

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

16. NOTES PAYABLE

A summary of the note transactions for fiscal year ended June 30, 2001 follows:

	Outstanding 06/30/00	Additions	Retired	Outstanding 06/30/01
Capital Projects Fund:				
4.80% School Improvement Bond	\$0	\$9,000,000	\$0	\$9,000,000
4.20% School Improvement Bond	0	2,400,000	0	2,400,000
Total	\$0	\$11,400,000	\$0	\$11,400,000

The notes were bond anticipation notes, backed by the full faith and credit of the North Fork Local School District. The notes mature on July 30, 2001.

17. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Intergovernmental	\$92,092	\$93,489	(\$92,092)	\$93,489
Compensated Absences	730,945	0	(125,325)	605,620
General Obligation Bonds	0	11,400,000	0	11,400,000
Capital Leases	80,981	0	(31,604)	49,377
Total	\$904,018	\$11,493,489	(\$249,021)	\$12,148,486

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District issued School Improvement bond anticipation notes at 4.80% for \$9,000,000 on December 20, 2000 and 4.20% for \$2,400,000 on January 18, 2001, as a result of the School District passing a 5.51 mill levy on November 7, 2001. The purpose of the notes is to build a 75,000 square addition to the existing Utica Junior/Senior High School facility.

School Improvement General Obligation Bonds - On May 1, 2001, the North Fork Local School District issued \$11,400,000 in School Improvement General Obligation Bonds with an interest rate varying from 3.50% to 5.75%. The bonds were issued for the purpose of constructing additions to existing school buildings and structures. This money will be used in conjunction with a classroom facility grant established by the State of Ohio and managed by the Ohio School Facilities Commission. These bonds will be paid from the Debt Service Fund.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

17. LONG-TERM OBLIGATIONS (Continued)

The School District's voted legal debt margin was \$12,978,796 with an unvoted debt margin of \$144,209 at June 30, 2001.

Principal and interest requirements to retire the School Improvement General Obligation Bonds outstanding as of June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$135,000	\$629,172	\$764,172
2003	230,000	574,090	804,090
2004	260,000	565,140	825,140
2005	290,000	554,748	844,748
2006	300,000	543,240	843,240
2007-2011	1,685,000	2,515,471	4,200,471
2012-2016	2,110,000	2,074,058	4,184,058
2017-2021	2,765,000	1,399,844	4,164,844
2022-2025	3,625,000	519,613	4,144,613
Total	<u>\$11,400,000</u>	<u>\$9,375,376</u>	<u>\$20,775,376</u>

18. INTERFUND ACTIVITY

As of June 30, 2001 receivables and payables that resulted from various interfund transactions were as follows:

<u>Interfund Receivable/Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$10,710</u>	<u>\$0</u>
Special Revenue Funds:		
Other Local Grants	0	10
District Managed Activities	0	1,400
Local Professional Development	0	70
Title II	0	30
Title VI	<u>0</u>	<u>9,200</u>
Total All Funds	<u>\$10,710</u>	<u>\$10,710</u>

**NORTH FORK LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains enterprise funds to account for the food service and uniform school supply operations. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>
Operating Revenues	\$280,543	\$44,553
Depreciation Expense	3,019	0
Operating Income (Loss)	(231,879)	(8,943)
Donated Commodities	25,941	0
Operating Transfers	89,000	20,000
Net Income (Loss)	(9,430)	11,057
Net Working Capital	(39,309)	11,944
Total Assets	59,326	11,944
Total Equity	(7,733)	11,944

20. JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The School District is a participant in Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of 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 entities.

The governing board of LACA consists of the superintendents from all participating school districts and educational service centers. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's fixed assets. The School District's payment for accounting services for fiscal year 2001 was \$5,756. Financial Statements for LACA may be obtained from its fiscal agent, the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Licking County Joint Vocational School

The Licking County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of three representatives from the Licking county Educational Service Center; two from the Newark City School District; one from the Heath City School District; and one from the Granville Exempted Village School district, which possesses its own budgeting and taxing authority. To obtain financial information write to the Licking County Joint Vocational School , Shirley Dupps, who serves as Treasurer, at 150 Price road, Newark, OH 43055.

C. Metropolitan Educational Council

The School District participates in the Metropolitan Education Council (MEC), a jointly governed organization. The organization is comprised 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 governing board of MEC is comprised 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 2001 was \$730. Financial information may be obtained from the Metropolitan Education Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

D. Central Ohio Special Education Regional Resource Center

The Central Ohio Special Education Regional 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. The North Fork Local School District has a cooperative agency agreement with COSERRC. 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, OH 43214.

21. INSURANCE PURCHASING POOL

Ohio School Board Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Board Association Workers' Compensation Group Rating Plan (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 district pay an enrollment fee to the GRP to cover the costs of administering the program.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

22. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest decision regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan if the plan is to be constitutional, including:

- A change in the school district that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 30, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school district that are used as the basis for determining the base cost support amount and the requirement that the changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

23. STATUTORY 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, construction and maintenance 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.

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.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

23. STATUTORY RESERVES (Continued)

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance as of June 30, 2000	(\$26,957)	\$0	\$181,833
Current Year Set-aside Requirement	211,007	211,007	0
Reduction Authorized By Legislative Revision	0	0	(132,540)
Current Year Offsets	0	(165,589)	0
Qualifying Disbursements	(194,509)	(796,398)	0
Total	(\$10,459)	(\$750,980)	\$49,293
Balance Carried Forward to FY 2002	(\$10,459)	(\$389,180)	\$49,293
Cash Balances to Carry Forward to FY 2002	\$0	\$0	\$49,293

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amounts in the textbook and capital improvements set-asides 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 \$49,293.

24. 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, 2001.

B. Litigation

The School District is currently not a party to any legal proceedings

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	-	10.550	\$0	\$25,941	\$0	\$27,819
National School Lunch Program	LL-P4	10.555	96,885	0	96,885	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>96,885</u>	<u>25,941</u>	<u>96,885</u>	<u>27,819</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Education Agencies	C1-S1-2001	84.010	341,449	0	326,379	0
Special Education_Grants to States	6B-SF-2001	84.027	160,227	0	139,819	0
Vocational Education_Basic Grants to States	-	84.048	313	0	313	0
Safe and Drug-Free Schools and Communities_State Grant	DR-S1-2001	84.186	5,987	0	2,590	0
Eisenhower Professional Development State Grant	MS-S1-2001	84.281	10,496	0	5,673	0
Innovative Education Program Strategies	C2-S1-2001	84.298	6,677	0	8,026	0
Class Size Reduction Program	CR-S1-2001	84.340	45,848	0	47,241	0
<i>Passed Through Licking County Joint Vocational School:</i>						
Vocational Education_Basic Grants to States	-	84.048	1,597	0	1,597	0
Total Department of Education			<u>572,594</u>	<u>0</u>	<u>531,638</u>	<u>0</u>
Totals			<u><u>\$669,479</u></u>	<u><u>\$25,941</u></u>	<u><u>\$628,523</u></u>	<u><u>\$27,819</u></u>

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

FISCAL YEAR ENDED JUNE 30, 2001

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Board of Education
North Fork Local School District
Licking County
P.O. Box 497
Utica, Ohio 43080-0497

We have audited the general-purpose financial statements of the North Fork Local School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated January 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 general-purpose 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 that we have reported to management of the District in a separate letter dated January 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item **2001-10645-001**.

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 general-purpose 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is not a material weakness. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 15, 2002.

This report is intended for the information and use of the audit committee, management, Board of Education, and 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.

JIM PETRO
Auditor of State

January 15, 2002



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
North Fork Local School District
Licking County
P.O. Box 497
Utica, Ohio 43080-0497

Compliance

We have audited the compliance of the North Fork Local School District, Licking County, Ohio, (the 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, 2001. The 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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, *Audits 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 the 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 the District's compliance with those requirements.

In our opinion, the 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, 2001. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated January 15, 2002.

Internal Control Over Compliance

The management of the 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 the 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 the audit committee, management, Board of Education, and 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.

JIM PETRO
Auditor of State

January 15, 2002

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1 Grants to Local Education Agencies - # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001
(Continued)**

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

A detailed fixed asset tracking system is necessary to assure that all fixed assets are properly accounted for and can be accounted for by location. Section 7450 of the District's Bylaws and Policies Manual requires the Board to update property records of equipment annually.

The last detailed asset listing was completed by an outside firm during fiscal 1998. The fixed asset listing has not been integrated with the District's accounting system or fixed asset data base. As a result, additions and deletions are not being added to a fixed asset data base on an annual basis. The District's current accounting software has capabilities to track and account for fixed assets by location and track additions and deletions of fixed assets during the year.

The Treasurer should assure that a detailed fixed asset listing is compiled and that all fixed asset additions and deletions are updated to the data base on an annual basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



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NORTH FOLK 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
FEBRUARY 5, 2002**