

**SOUTHWEST LICKING LOCAL  
SCHOOL DISTRICT**



**AUDITED GENERAL PURPOSE  
FINANCIAL STATEMENTS  
JUNE 30, 1999**

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**JUNE 30, 1999**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Auditor's Report.....	1
Combined Balance Sheet - All Fund Types and Account Groups.....	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds .....	4-5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds.....	6-9
Combined Statement of Revenues, Expenses and Changes in Fund Equity – All Proprietary Fund Types.....	10
Combined Statement of Cash Flows – All Proprietary Fund Types.....	11
Notes to the General Purpose Financial Statements .....	12-36
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	37-38
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	39-40
Schedule of Expenditures of Federal Awards.....	41
Notes to Schedule of Federal Awards Expenditures.....	42
Schedule of Findings & Questioned Costs.....	43-45



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215

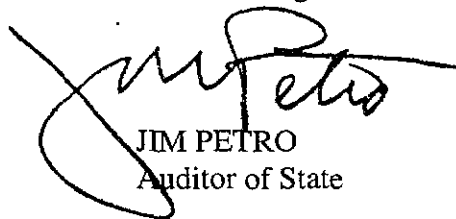
Telephone 614-466-4514  
800-282-0370

Facsimile 614-728-7398

To the Board of Education  
Southwest Licking Local School District  
Etna, Ohio 43018

We have reviewed the Independent Auditor's Report of the Southwest Licking Local School District, Licking County, prepared by Rea & Associates, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO  
Auditor of State

January 5, 2000

122 Fourth Street N.W.  
P. O. Box 1020  
New Philadelphia, Ohio 44663-5120  
330 - 339 - 6651

**Rea & Associates, Inc.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

December 7, 1999

To the Board of Education  
Southwest Licking Local School District  
Etna, OH 43018

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Southwest Licking Local School District (the "District") as of and for the year ended June 30, 1999, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Southwest Licking Local School District, and the results of its operations and the cash flows of its proprietary fund types for the year ended June 30, 1999 in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying general purpose financial statements, during the year ended June 30, 1999, the District changed its method of accounting and financial reporting for its internal Revenue Code Section 457 Deferred Compensation Plans.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 7, 1999 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Rea & Associates, Inc.*

Columbus  
New Philadelphia  
Millersburg  
Coshocton  
Cambridge  
Marietta  
Medina  
Lima

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

*Combined Balance Sheet*  
**All Fund Types and Account Groups**  
**June 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,515,836	\$ 381,529	\$ 883,181	\$ 20,568,067
Restricted Cash and Cash Equivalents	217,701	0	0	0
Receivables:				
Taxes	6,127,112	0	2,038,750	610,618
Accrued Interest	8,646	0	0	0
Intergovernmental	17,924	15,465	0	0
Prepaid Items	84,395	243	0	0
Inventory	0	0	0	0
Fixed Assets (Net)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$ 7,971,614</b>	<b>\$ 397,237</b>	<b>\$ 2,921,931</b>	<b>\$ 21,178,685</b>
<b>Liabilities</b>				
Accounts Payable	\$ 74,272	\$ 51,288	\$ 0	\$ 61,647
Contracts Payable	0	0	0	335,181
Accrued Wages and Benefits	1,576,170	46,946	0	0
Compensated Absences Payable	109,614	0	0	0
Intergovernmental Payable	302,366	1,177	0	34
Deferred Revenue	4,935,362	0	1,925,100	573,827
Due to Students	0	0	0	0
Capital Lease Payable	0	0	0	0
Energy Conversation Loan Payable	0	0	0	0
Improvement Bonds Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Early Retirement Incentive Payable	30,000	0	0	0
<b>Total Liabilities</b>	<b>7,027,784</b>	<b>99,411</b>	<b>1,925,100</b>	<b>970,689</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings: Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	127,014	37,970	0	5,342,763
Reserved for Budget Stabilization	217,771	0	0	0
Reserved for Taxes Unavailable for Appropriation	303,353	0	113,650	36,791
Unreserved: Undesignated	295,692	259,856	883,181	14,828,442
<b>Total Fund Equity and Other Credits</b>	<b>943,830</b>	<b>297,826</b>	<b>996,831</b>	<b>20,207,996</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 7,971,614</b>	<b>\$ 397,237</b>	<b>\$ 2,921,931</b>	<b>\$ 21,178,685</b>

The accompanying notes are and integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 227,101	\$ 34,364	\$ 118,730	\$ 0	\$ 0	\$ 23,728,808
0	0	0	0	0	217,701
0	0	0	0	0	8,776,480
0	0	0	0	0	8,646
15,308	0	0	0	0	48,697
3,902	0	0	0	0	88,540
10,765	0	0	0	0	10,765
101,550	0	0	19,824,359	0	19,925,909
0	0	0	0	996,831	996,831
0	0	0	0	26,052,910	26,052,910
<u>\$ 358,626</u>	<u>\$ 34,364</u>	<u>\$ 118,730</u>	<u>\$ 19,824,359</u>	<u>\$ 27,049,741</u>	<u>\$ 79,855,287</u>
\$ 556	\$ 0	\$ 17,954	\$ 0	\$ 0	\$ 205,717
0	0	0	0	0	335,181
32,111	0	0	0	0	1,655,227
30,519	0	0	0	897,572	1,037,705
26,679	0	0	0	143,591	473,847
5,005	0	0	0	0	7,439,294
0	0	92,973	0	0	92,973
0	0	0	0	83,578	83,578
0	0	0	0	340,000	340,000
0	0	0	0	19,120,000	19,120,000
0	0	0	0	6,465,000	6,465,000
0	0	0	0	0	30,000
<u>94,870</u>	<u>0</u>	<u>110,927</u>	<u>0</u>	<u>27,049,741</u>	<u>37,278,522</u>
0	0	0	19,824,359	0	19,824,359
21,730	0	0	0	0	21,730
242,026	34,364	0	0	0	276,390
0	0	0	0	0	5,507,747
0	0	0	0	0	217,771
0	0	0	0	0	453,794
0	0	7,803	0	0	16,274,974
<u>263,756</u>	<u>34,364</u>	<u>7,803</u>	<u>19,824,359</u>	<u>0</u>	<u>42,576,765</u>
<u>\$ 358,626</u>	<u>\$ 34,364</u>	<u>\$ 118,730</u>	<u>\$ 19,824,359</u>	<u>\$ 27,049,741</u>	<u>\$ 79,855,287</u>

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances*  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Year Ended June 30, 1999**

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues</b>				
Taxes	\$ 7,069,546	\$ 0	\$ 1,452,169	\$ 552,166
Intergovernmental	8,444,143	598,614	158,560	358,785
Investment Income	262,745	3,684	0	567,510
Tuition and Fees	176,045	0	0	0
Extracurricular Activities	0	313,483	0	0
Miscellaneous	14,415	84,700	0	3,350
<b>Total Revenues</b>	<b>15,966,894</b>	<b>1,000,481</b>	<b>1,610,729</b>	<b>1,481,811</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,036,100	107,568	0	6,289
Special	767,927	308,094	0	0
Vocational	341,461	0	0	0
Other	328,571	0	0	0
Support Services:				
Pupils	609,173	38,418	0	0
Instructional Staff	462,520	15,493	0	53,431
Board of Education	12,187	0	0	0
Administration	1,668,662	33,016	14,681	4,199
Fiscal	677,829	0	7,801	13,324
Business	53,708	0	0	216,774
Operation and Maintenance of Plant	1,462,554	0	0	38,040
Pupil Transportation	1,160,582	0	0	148,328
Central	43,915	36,745	0	0
Operation of Non-Instructional Services	613	4,740	0	0
Extracurricular Activities	303,466	373,951	0	21,582
Capital Outlay	19,308	0	0	1,212,079
Debt Service:				
Principal Retirement	23,802	0	425,000	57,492
Interest and Fiscal Charges	7,719	0	940,095	3,346
<b>Total Expenditures</b>	<b>15,980,097</b>	<b>918,025</b>	<b>1,387,577</b>	<b>1,774,884</b>
Excess of Revenues Over (Under) Expenditures	(13,203)	82,456	223,152	(293,073)
<b>Other Financing Sources (Uses)</b>				
Proceeds of Bonds	0	0	0	19,120,000
Proceeds from Sales of Fixed Assets	1,876	0	0	0
Other Financing Sources	0	0	5,150	0
Operating Transfer In	0	11,171	0	3,749
Operating Transfer Out	(64,070)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(62,194)</b>	<b>11,171</b>	<b>5,150</b>	<b>19,123,749</b>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(75,397)	93,627	228,302	18,830,676
Fund Balance at Beginning Of Year	1,019,227	204,199	768,529	1,377,320
<b>Fund Balance at End of Year</b>	<b>\$ 943,830</b>	<b>\$ 297,826</b>	<b>\$ 996,831</b>	<b>\$ 20,207,996</b>

The accompanying notes are and integral part of these financial statements.

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$ 0	\$ 9,073,881
0	9,560,102
0	833,939
0	176,045
0	313,483
<u>2,838</u>	<u>105,303</u>
<u>2,838</u>	<u>20,062,753</u>
0	8,149,957
0	1,076,021
0	341,461
0	328,571
0	647,591
0	531,444
0	12,187
0	1,720,558
0	698,954
0	270,482
0	1,500,594
0	1,308,910
0	80,660
0	5,353
0	698,999
0	1,231,387
0	506,294
0	951,160
<u>0</u>	<u>20,060,583</u>
2,838	2,170
0	19,120,000
0	1,876
0	5,150
0	14,920
0	(64,070)
<u>0</u>	<u>19,077,876</u>
2,838	19,080,046
<u>4,965</u>	<u>3,374,240</u>
<u>\$ 7,803</u>	<u>\$ 22,454,286</u>



**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis)  
All Governmental Fund Types and Expendable Trust Funds  
For the Year Ended June 30, 1999*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 6,773,768	\$ 7,107,869	\$ 334,101
Intergovernmental	8,310,053	8,429,572	119,519
Investment Income	150,000	254,099	104,099
Tuition and Fees	110,800	185,850	75,050
Extracurricular Activities	7,550	0	(7,550)
Miscellaneous	22,750	14,429	(8,321)
<b>Total Revenues</b>	<u>15,374,921</u>	<u>15,991,819</u>	<u>616,898</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,099,168	7,927,738	171,430
Special	741,218	751,730	(10,512)
Vocational	374,700	349,369	25,331
Other	353,082	322,444	30,638
Support Services:			
Pupils	664,205	620,872	43,333
Instructional Staff	504,894	465,072	39,822
Board of Education	24,396	12,251	12,145
Administration	1,600,301	1,593,043	7,258
Fiscal	638,966	618,214	20,752
Business	78,238	58,918	19,320
Operation and Maintenance of Plant	1,575,072	1,536,793	38,279
Pupil Transportation	1,339,691	1,158,830	180,861
Central	58,808	49,296	9,512
Operation of Non-Instructional Services	700	613	87
Extracurricular Activities	298,739	305,863	(7,124)
Capital Outlay	26,135	23,622	2,513
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<u>16,378,313</u>	<u>15,794,668</u>	<u>583,645</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,003,392)</u>	<u>197,151</u>	<u>1,200,543</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	0
Proceeds of Bonds	0	0	0
Proceeds from Sale of Assets	1,500	1,876	376
Refund of Prior Year Expenditures	0	3,765	3,765
Refund of Prior Year Receipts	(2,000)	0	2,000
Other financing Sources	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	(11,000)	(11,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(500)</u>	<u>(5,359)</u>	<u>(4,859)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,003,892)</u>	<u>191,792</u>	<u>1,195,684</u>
Fund Balance at Beginning of Year	1,217,125	1,217,125	0
Prior Year Encumbrances Appropriated	<u>172,885</u>	<u>172,885</u>	<u>0</u>
<b>Fund Balance at End of Year</b>	<u>\$ 386,118</u>	<u>\$ 1,581,802</u>	<u>\$ 1,195,684</u>

The accompanying notes are and integral part of these financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 820,542	\$ 1,416,820	\$ 596,278
617,346	583,149	(34,197)	80,000	158,560	78,560
2,129	3,684	1,555	0	0	0
0	0	0	0	0	0
295,805	313,483	17,678	0	0	0
88,250	86,852	(1,398)	0	0	0
<u>1,003,530</u>	<u>987,168</u>	<u>(16,362)</u>	<u>900,542</u>	<u>1,575,380</u>	<u>674,838</u>
151,882	112,482	39,400	0	0	0
334,454	301,337	33,117	0	0	0
0	0	0	0	0	0
473	0	473	0	0	0
51,405	35,647	15,758	0	0	0
35,084	23,701	11,383	0	0	0
0	0	0	0	0	0
35,082	33,053	2,029	15,000	14,681	319
0	0	0	15,600	7,801	7,799
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
68,858	38,704	30,154	0	0	0
115,251	4,855	110,396	0	0	0
438,732	387,864	50,868	0	0	0
0	0	0	0	0	0
0	0	0	19,545,909	19,545,000	909
0	0	0	940,095	940,095	0
<u>1,231,221</u>	<u>937,643</u>	<u>293,578</u>	<u>20,516,604</u>	<u>20,507,577</u>	<u>9,027</u>
<u>(227,691)</u>	<u>49,525</u>	<u>277,216</u>	<u>(19,616,062)</u>	<u>(18,932,197)</u>	<u>683,865</u>
0	0	0	0	19,120,000	19,120,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	5,150	5,150
11,235	11,000	(235)	0	0	0
(2,435)	0	2,435	0	0	0
<u>8,800</u>	<u>11,000</u>	<u>2,200</u>	<u>0</u>	<u>19,125,150</u>	<u>19,125,150</u>
(218,891)	60,525	279,416	(19,616,062)	192,953	19,809,015
201,467	201,467	0	690,227	690,227	0
52,826	52,826	0	0	0	0
<u>\$ 35,402</u>	<u>\$ 314,818</u>	<u>\$ 279,416</u>	<u>\$ (18,925,835)</u>	<u>\$ 883,180</u>	<u>\$ 19,809,015</u>

(Continued)

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

*Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual - Budgetary Basis  
All Governmental Fund Types and Expendable Trust Funds  
For the Year Ended June 30, 1999*

	<b>Capital Project Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Taxes	\$ 543,146	\$ 567,817	\$ 24,671
Intergovernmental	345,953	358,785	12,832
Investment Income	45,000	567,510	522,510
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	3,350	3,350
<b>Total Revenues</b>	<b>934,099</b>	<b>1,497,462</b>	<b>563,363</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	19,900	6,286	13,614
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	126,798	55,188	71,610
Board of Education	0	0	0
Administration	5,000	4,199	801
Fiscal	14,300	13,324	976
Business	683,082	343,522	339,560
Operation and Maintenance of Plant	72,987	40,151	32,836
Pupil Transportation	211,253	209,166	2,087
Central	7,500	0	7,500
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	3,007,115	6,186,480	(3,179,365)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>4,147,935</b>	<b>6,858,316</b>	<b>(2,710,381)</b>
Excess of Revenues Over (Under) Expenditures	<b>(3,213,836)</b>	<b>(5,360,854)</b>	<b>(2,147,018)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	0
Proceeds of Bonds	0	19,120,000	19,120,000
Proceeds from Sale of Assets	0	0	0
Refund of Prior Year Expenditures	0	95,714	95,714
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>19,215,714</b>	<b>19,215,714</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<b>(3,213,836)</b>	<b>13,854,860</b>	<b>17,068,696</b>
Fund Balance at Beginning of Year	906,030	906,030	0
Prior Year Encumbrances Appropriated	438,857	438,857	0
<b>Fund Balance at End of Year</b>	<b>\$ (1,868,949)</b>	<b>\$ 15,199,747</b>	<b>\$ 17,068,696</b>

The accompanying notes are and integral part of these financial statements.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 8,137,456	\$ 9,092,506	\$ 955,050
0	0	0	9,353,352	9,530,066	176,714
0	0	0	197,129	825,293	628,164
0	0	0	110,800	185,850	75,050
0	0	0	303,355	313,483	10,128
200	2,838	2,638	111,200	107,469	(3,731)
200	2,838	2,638	18,213,292	20,054,667	1,841,375
1,334	0	1,334	8,272,284	8,046,506	225,778
0	0	0	1,075,672	1,053,067	22,605
0	0	0	374,700	349,369	25,331
0	0	0	353,555	322,444	31,111
0	0	0	715,610	656,519	59,091
817	0	817	667,593	543,961	123,632
0	0	0	24,396	12,251	12,145
0	0	0	1,655,383	1,644,976	10,407
0	0	0	668,866	639,339	29,527
2,814	0	2,814	764,134	402,440	361,694
0	0	0	1,648,059	1,576,944	71,115
0	0	0	1,550,944	1,367,996	182,948
0	0	0	135,166	88,000	47,166
0	0	0	115,951	5,468	110,483
0	0	0	737,471	693,727	43,744
0	0	0	3,033,250	6,210,102	(3,176,852)
0	0	0	19,545,909	19,545,000	909
0	0	0	940,095	940,095	0
4,965	0	4,965	42,279,038	44,098,204	(1,819,166)
(4,765)	2,838	7,603	(24,065,746)	(24,043,537)	22,209
0	0	0	0	19,120,000	19,120,000
0	0	0	0	19,120,000	19,120,000
0	0	0	1,500	1,876	376
0	0	0	0	99,479	99,479
0	0	0	(2,000)	0	2,000
0	0	0	0	5,150	5,150
0	0	0	11,235	11,000	(235)
0	0	0	(2,435)	(11,000)	(8,565)
0	0	0	8,300	38,346,505	38,338,205
(4,765)	2,838	7,603	(24,057,446)	14,302,968	38,360,414
4,965	4,965	0	3,019,814	3,019,814	0
0	0	0	664,568	664,568	0
\$ 200	\$ 7,803	\$ 7,603	\$ (20,373,064)	\$ 17,987,350	\$ 38,360,414

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

*Combining Statement of Revenues,  
Expenses, and Changes in Fund Equity  
All Proprietary Fund Types  
For the Year Ended June 30,1999*

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b><u>Operating Revenues</u></b>			
Sales	\$ 546,476	\$ 0	\$ 546,476
Charges for Services	80	0	80
Investment Income	0	430	430
Other Operating Revenues	0	7,531	7,531
<b><i>Total Operating Revenues</i></b>	<b>546,556</b>	<b>7,961</b>	<b>554,517</b>
<b><u>Operating Expenses</u></b>			
Salaries	259,548	0	259,548
Fringe Benefits	78,768	0	78,768
Purchased Services	7,285	8,624	15,909
Materials and Supplies	316,419	257	316,676
Depreciation	15,155	0	15,155
Capital Outlay	1,243	0	1,243
<b><i>Total Operating Expenses</i></b>	<b>678,418</b>	<b>8,881</b>	<b>687,299</b>
Operating Income (Loss)	(131,862)	(920)	(132,782)
<b><u>Non-Operating Revenues</u></b>			
Operating Grants	108,251	0	108,251
Donated Commodities	32,338	0	32,338
Interest	2,768	0	2,768
Loss on Disposal of Fixed Assets	(23,945)	0	(23,945)
Other Non-Operating Revenues	677	14,430	15,107
<b><i>Total Non-Operating Revenues</i></b>	<b>120,089</b>	<b>14,430</b>	<b>134,519</b>
<i>Net Income (Loss) Before Operating Transfers</i>	(11,773)	13,510	1,737
Operating Transfers In	41,000	0	41,000
<i>Net Income</i>	29,227	13,510	42,737
Retained Earnings/Fund Balance at Beginning of Year	212,799	20,854	233,653
Retained Earnings/Fund Balance at End of Year	242,026	34,364	276,390
Contributed Capital at Beginning of Year	15,575	0	15,575
Contributions During the Year	6,155	0	6,155
Contributed Capital at End of Year	21,730	0	21,730
<b>Total Fund Equity at End of Year</b>	<b>\$ 263,756</b>	<b>\$ 34,364</b>	<b>\$ 298,120</b>

The accompanying notes are and integral part of these financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended June 30, 1999**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ 546,556	\$ 0	\$ 546,556
Cash Received from Other Sources	0	7,531	7,531
Investment Income	0	430	430
Cash Paid for Goods and Services	(292,706)	(8,881)	(301,587)
Cash Paid to Employees	(331,455)	0	(331,455)
<b>Net Cash (Used For) Operating Activities</b>	<b>(77,605)</b>	<b>(920)</b>	<b>(78,525)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>			
Grants	108,670	0	108,670
Other Non-Operating Revenues	677	14,430	15,107
<b>Net Cash Provided By Non-Capital Activities</b>	<b>109,347</b>	<b>14,430</b>	<b>123,777</b>
<b>Cash Flows From Capital Financing Activities</b>			
Purchase of Fixed Assets	(2,549)	0	(2,549)
<b>Net Cash Used For Capital Financing Activities</b>	<b>(2,549)</b>	<b>0</b>	<b>(2,549)</b>
<b>Cash Flows From Investing Activities</b>			
Investment Income	2,768	0	2,768
<b>Net Cash Provided By Investing Activities</b>	<b>2,768</b>	<b>0</b>	<b>2,768</b>
Net Increase (Decrease) in Cash and Cash Equivalents	31,961	13,510	45,471
Cash and Cash Equivalents at Beginning of Year	195,140	20,854	215,994
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 227,101</b>	<b>\$ 34,364</b>	<b>\$ 261,465</b>
<b>Reconciliation of Operating (Loss) to Net Cash (Used For) Operating Activities</b>			
Operating (Loss)	\$ (131,862)	\$ (920)	\$ (132,782)
<b>Adjustments to Reconcile Operating (Loss) to Net Cash (Used For) Operating Activities:</b>			
Depreciation	15,155	0	15,155
Non-cash Donated Commodities	32,338	0	32,338
Decrease in Accounts Receivable	227	0	227
(Increase) in Inventory	(1,482)	0	(1,482)
(Increase) in Prepaids	(3,902)	0	(3,902)
(Decrease) in Accounts Payable	(138)	0	(138)
Increase in Accrued Wages and Benefits	3,921	0	3,921
Increase in Compensated Absences Payable	9,043	0	9,043
(Decrease) in Intergovernmental Payable	(958)	0	(958)
Increase in Deferred Revenue	53	0	53
<b>Total Adjustments</b>	<b>54,257</b>	<b>0</b>	<b>54,257</b>
<b>Net Cash (Used For) Operating Activities</b>	<b>\$ (77,605)</b>	<b>\$ (920)</b>	<b>\$ (78,525)</b>

The accompanying notes are an integral part of these financial statements.

**SOUTHWEST LICKING LOCAL SCHOOL DISTRICT**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**JUNE 30, 1999**

---

**NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY**

The Southwest Licking Local School District (District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of October 1, 1998, was 2,976. The District employs 202 certificated and 109 non-certificated employees.

The reporting entity is required to be composed of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District. The District has no component units.

*Parochial Schools* – Within the District boundaries, Good Shepherd Christian Academy is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District are reflected in a special revenue fund for financial reporting purposes.

The District is associated with four organizations which are defined as jointly governed organizations, an insurance purchasing pool, and a related organization. These organizations include the Licking Area Computer Association, the Licking County Joint Vocational School District, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Pataskala Public Library. These organizations are presented in Notes 18, 19, and 20 to the general purpose financial statements.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

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

**A. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The accounts of the District are organized and operated on the basis of funds and account groups to report on its financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Governmental Fund Types**

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

*General Fund* - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - The 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.

*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 or trust funds.



SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Proprietary Fund Types**

The proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund types:

*Enterprise Funds* - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

*Internal Service Fund* - Internal service funds are used to account for the financing of goods or services provided by one department or agency to governmental units on a cost-reimbursement basis.

**Fiduciary Fund Types**

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

*Expendable Trust Funds* - Expendable trust funds are accounted for in essentially the same manner as proprietary funds.

*Agency Funds* - Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the District holds for others in an agency capacity.

**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 was established to account for all fixed assets of the District, other than those accounted for in proprietary or nonexpendable trust funds.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Long-term Obligations Account Group - This account group was established to account for all long-term obligations of the District, except those accounted for in the proprietary or nonexpendable trust funds.

B. 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 Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All governmental funds are required to be budgeted and appropriated. The primary level of budgetary control is at the function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

C. Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio and U. S. Treasury Securities.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. 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, 1999.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook reserve, and capital maintenance reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The capital maintenance reserve and textbook reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 1999, the District set aside the amounts required by state statute. Fund balance reserves have also been established.

E. Receivables

*Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.*

F. Estimates

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

G. Inventory

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

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$500.

J. 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. 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 funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/ expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary type funds is reflected as a liability in the respective funds. The current portion of unpaid compensated absences for sick leave related to governmental fund type operations is reflected in the respective funds. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available 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.

M. Fund Balance Reserves

The 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 balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, long-term advances to other funds, contributions to the nonexpendable trust funds that must be kept intact, and HB412 reserves such as textbooks and instructional materials, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Intergovernmental Revenues

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

The District currently participates in several state and federal programs, categorized as follows:

Entitlements

*General Fund:*

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Allowance

Non-Reimbursable Grants

*Special Revenue Funds:*

Rockwell Grants  
Nutrition Education  
Auxiliary Services  
Disadvantaged Pupil Program  
Career Development  
Eisenhower Grant  
SchoolNet Professional Development  
Data Communications  
School-to-Work  
Continuous Improvement Grant  
Education Management Information Systems  
Textbook Materials Subsidy Grant  
Conflict Management Grant  
Library Science Technology Grant  
Title I  
Title VI  
Title VI-B  
Drug-Free Schools  
Teacher Development Block Grant

*Capital Projects Funds:*

School Net  
Vocational Education Equipment

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Intergovernmental Revenues (Continued)

*Reimbursable Grants*

*General Fund:*

Driver Education

*Special Revenue Funds:*

Continuous Improvement Planning Grant

*Proprietary Funds:*

National School Breakfast Program

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 46% of the District's operating revenue during the 1999 fiscal year.

O. Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLES

The District has also implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Plan. On September 1, 1998, the Ohio Public Employees Deferred Compensation Board created a trust for the assets of the plan for which the District has no fiduciary responsibility. Therefore, the balance of the Ohio Public Employees Deferred Compensation Plan is no longer presented as part of the District's financial statements.

NOTE 4: BUDGETARY PROCESS

*Tax Budget*

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Ashland County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 4: BUDGETARY PROCESS (Continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types and Expendable Trust Funds" do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual Appropriation Resolution must be passed by October 1 of each year for the period July 1 to June 30. The Appropriation Resolution fixes spending authority at the fund and function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types and Expendable Trust Funds" represent the final appropriation amounts including all amendments and modifications.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.



SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 4: BUDGETARY PROCESS (Continued)

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types and Expendable Trust Funds" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. 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 are recorded when paid in cash (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditure/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types as note disclosure in the proprietary fund type (GAAP basis).
- 4) 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).
- 5) The District repays debt from the debt service fund (budget non-GAAP basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) Reconciliation of Budget Basis to GAAP Basis

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
Budgetary Basis	\$ 191,792	\$ 60,525	\$ 192,953	\$ 13,854,860	\$ 2,838
Encumbrances	151,735	66,709	0	5,368,320	0
Revenue accruals	(26,976)	13,484	(19,084,651)	(107,616)	0
Expenditure accruals	<u>(391,948)</u>	<u>(47,091)</u>	<u>19,120,000</u>	<u>(284,888)</u>	<u>0</u>
GAAP Basis	<u>\$ (75,397)</u>	<u>\$ 93,627</u>	<u>\$ 228,302</u>	<u>\$ 18,830,676</u>	<u>\$ 2,838</u>

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 5: ACCOUNTABILITY AND COMPLIANCE

COMPLIANCE

The following fund had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 1999.

<u>Fund Type/Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess</u>
Capital Projects Building Fund	<u>\$ 2,813,310</u>	<u>\$ 6,068,383</u>	<u>\$ (3,250,073)</u>

NOTE 6: DEPOSITS AND INVESTMENTS

State statues classify monies held by the District into three categories.

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

Inactive deposits are public deposits 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 or 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 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.

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 other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

---

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasurer's Investment Pool (STAR Ohio).

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 District, and must be purchased with the expectation that it will be held to maturity.

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

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

Cash

The District maintains a petty cash fund and a change fund totaling \$275.00

Deposits

At year-end, the carrying amount of the District's deposits was \$235,313. The total bank balance was \$506,284. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$306,284 was unsecured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the 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 District's name. The District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Category 2</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreements	\$ 902,328	\$	\$ 902,328	\$ 902,328
U.S. Treasury Notes		1,941,636	1,941,636	1,941,636
FHLB DN		7,382,882	7,832,882	7,382,882
FNMA DN		3,693,971	3,693,971	3,693,971
FFCB		506,028	506,028	506,028
FHLMC DN		<u>3,910,624</u>	<u>3,910,624</u>	<u>3,910,624</u>
STAROhio	<u>\$ 902,328</u>	<u>\$17,435,141</u>	<u>18,337,469</u> <u>5,373,452</u>	<u>18,337,469</u> <u>5,373,452</u>
Totals			<u>\$23,710,921</u>	<u>\$23,710,921</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. A reconciliation between the classification of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 23,946,509	\$ 0
Cash on Hand	(275)	0
Investments:		
Repurchase Agreements	(902,328)	902,328
FHLB DN	(7,382,882)	7,382,882
FNMA DN	(3,693,971)	3,693,971
FFCB	(506,028)	506,028
FHLMC DN	(3,910,624)	3,910,624
U. S. Treasury Notes	(1,941,636)	1,941,636
STAR Ohio	<u>(5,373,452)</u>	<u>5,373,452</u>
GASB Statement No. 3	<u>\$ 235,313</u>	<u>\$ 23,710,921</u>

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 7: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 1999</u>
Land and improvements	\$ 435,135	\$ 269,385	\$ 0	\$ 704,520
Buildings	13,533,979	190,615	0	13,724,594
Furniture and equipment	2,924,737	151,344	0	3,076,081
Vehicles	1,422,410	204,732	(24,826)	1,602,316
Construction in Process	<u>0</u>	<u>716,848</u>	<u>          </u>	<u>716,848</u>
	<u>\$ 18,316,261</u>	<u>\$ 1,532,924</u>	<u>\$ (24,826)</u>	<u>\$ 19,824,359</u>

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>June 30, 1999</u>
Equipment	\$ 431,438
Less: Accumulated Depreciation	<u>(329,888)</u>
Net Fixed Assets	<u>\$ 101,550</u>

NOTE 8: LONG-TERM OBLIGATIONS

The changes in the District's general long-term obligations during the fiscal year 1999 were as follows:

	<u>Outstanding</u> <u>June 30, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>June 30, 1999</u>
Energy Conservation Note, 6.625% interest rate, due December 31, 2001	\$ 440,000	\$ 0	\$ (100,000)	\$ 340,000
High School Improvements, 5.78% interest rate, due December 1, 2000	375,000	0	(125,000)	250,000
Etna Elementary, 6.05% interest rate, due December 1, 2022	6,415,000	0	(200,000)	6,215,000

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 8: LONG-TERM OBLIGATIONS (Continued)

	<u>Outstanding June 30, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 1999</u>
School Facilities Construction				
Improvement Bond, 5.11% interest rate, due December 1, 2026	\$ 0	\$19,120,000	\$ 0	\$19,120,000
Intergovernmental payable	130,406	143,591	(130,406)	143,591
Capital leases	164,872	0	(81,294)	83,578
Early Retirement Incentive	36,667	0	(36,667)	0
Compensated absences	<u>929,990</u>	<u>897,572</u>	<u>(929,990)</u>	<u>897,572</u>
	<u>\$ 8,491,935</u>	<u>\$20,161,163</u>	<u>\$ (1,603,357)</u>	<u>\$27,049,741</u>

*Energy Conservation Loan* – On September 1, 1991, the Southwest Licking Local School District issued \$901,823 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The loan will be retired from the debt service fund.

*Etna Elementary Construction General Obligation Bonds* – On April 1, 1996, the Southwest Licking Local School District issued \$6,638,000 in voted general obligation bonds for the purpose of the construction of the new Etna Elementary School building. The bonds will be retired from the debt service fund.

*High School Improvement General Obligation Bonds* – On March 1, 1978, the Southwest Licking Local School District issued \$2,750,000 in voted general obligation bonds for the purpose of an improvement to the high school building. The bonds will be retired from the debt service fund.

*School Facilities Construction and Improvement Bonds* – On March 15, 1999, the Southwest Licking Local School District issued \$19,120,000 school facilities improvement bond for the purpose of improvements and additions to various school buildings.

The annual requirement to retire general obligation debt, including notes outstanding as of June 30, 1999, were as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,	2000	\$ 745,000	\$ 1,319,689	\$ 2,064,689
	2001	900,000	1,281,819	2,181,819
	2002	990,000	1,241,363	2,231,363
	2003	1,000,000	1,203,325	2,203,325
	2004	555,000	1,173,941	1,728,941
	Future years	<u>21,735,000</u>	<u>16,072,858</u>	<u>37,807,858</u>
	Total	<u>\$ 25,925,000</u>	<u>\$ 22,292,995</u>	<u>\$ 48,217,995</u>

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 9: NOTE DEBT

The District's note activity, including amounts outstanding, interest rates and the purpose for which the note was issued is as follows:

	Outstanding June 30, 1998	Additions	Reductions	Outstanding June 30, 1999
Capital Projects Fund:				
Bond Anticipation Note	\$ 0	\$ 19,120,000	\$(19,120,000)	\$ 0

The note was issued in anticipation of issuing bonds. The proceeds were credited to the Permanent Improvement Fund and paid off through the Debt Service Fund when the bonds were issued.

NOTE 10: CAPITAL LEASES

The District has entered into capitalized leases for 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.

General fixed assets consisting of equipment have been capitalized in the general fixed assets group account. The 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 1999 totaled \$81,294 in the governmental funds.

Fiscal Year Ending June 30,	Copiers
2000	\$ 31,521
2001	31,521
2002	31,142
Total	94,184
Less: Amount representing interest	(10,606)
Present value of net minimum lease payments	\$ 83,578

NOTE 11: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Licking and Fairfield County Auditors are responsible for assessing and remitting these property taxes to the District.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 11: PROPERTY TAXES (Continued)

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Licking and Fairfield County Auditors reappraise real property every six years with a triennial update, the last update for Licking and Fairfield Counties was done in 1996. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, real property taxes are billed semi-annually one year in arrears. The tax rate applied to real property collected in 1998 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$45.16 per \$1,000 of valuation. The effective rate applied after adjustment for inflationary increases in property values was \$30.38 per \$1,000 of assessed valuation for residential and agricultural real property, and \$33.73 per \$1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 1998 was \$45.16 per \$1,000 of valuation.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 1999. 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 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 at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 1999, was \$453,794.

NOTE 12: DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System (SERS)

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes general purpose financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%; 10.5% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$369,744, \$322,402 and \$290,388, respectively. 50% has been contributed for fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$184,872, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligation account group.



SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (STRS)

The District contributes to 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 general purpose financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 12.0% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$1,305,000, \$1,153,269 and \$1,100,340, respectively; 83% has been contributed for fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$217,500, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, several members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

NOTE 13: POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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.

For STRS, all benefit recipients are required to 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% of covered payroll. The Board currently allocates employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$310,010 during the 1999 fiscal year. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 JUNE 30, 1999

NOTE 13: POSTEMPLOYMENT BENEFITS (Continued)

For SERS, coverage is made available to service retirees with ten years or more fiscal years of qualifying service credit, 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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.98% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 1999, the minimum pay has been established at \$12,400. For the District the amount to fund healthcare benefits, including surcharge, equaled \$170,689 during the 1999 fiscal year. The number of participants currently receiving health care benefits is 50,000. For the fiscal year ended June 30, 1998, net health care costs by School Employees Retirement System were \$111,900,575.

NOTE 14: NON-CASH TRANSACTIONS

The District received food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$32,338.

NOTE 15: INTERFUND ACTIVITY

Reconciliation of Interfund Transfers

	<u>Transfers-In</u>	<u>Transfers-Out</u>
<u>Governmental Fund Types and Expendable Trust Funds</u>		
General	\$ 0	\$ (8,150)
 <u>Proprietary and Similar Fiduciary Fund Types</u>		
Agency	<u>8,150</u>	<u>0</u>
Total	<u>\$ 8,150</u>	<u>\$ (8,150)</u>

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 16: STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999 the reserve activity (GAAP basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Balance 7/1/1998	\$ 0	\$ 0	\$ 92,023	\$ 92,023
Required Set-Aside	251,356	251,356	125,678	628,390
Offset Credits	(45,515)	(251,356)	0	(296,871)
Qualifying Expenditures	(205,841)	0	0	(205,841)
Set-Aside Balance 6/30/1999	\$ 0	\$ 0	\$ 217,701	217,701
Restricted Cash				\$ 217,701

Expenditures for textbooks and instructional materials during the year were \$312,688, which exceeded the required set-aside and the reserve balance.

Expenditures and offset credits for capital activity during the year were \$670,701 and \$567,817, respectively, which exceeded the required set-aside and the reserve balance.

NOTE 17: CONTRACTUAL COMMITMENTS

As of June 30, 1999, the District had contractual purchase commitments as follows for school building renovation projects:

	Contract Obligation	Amount Paid	Balance on Contract
School Building Renovation Projects	\$ 5,557,795	\$ 676,098	\$ 4,881,679

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

NOTE 18: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 1999:

	<u>Uniform Food Service</u>	<u>Total School Supplies</u>	<u>Enterprise Funds</u>
Operating Revenues	\$ 546,476	\$ 80	\$ 546,556
Operating Expenses, less Depreciation	660,910	2,353	663,263
Depreciation Expense	15,155	0	15,155
Operating Loss	(129,589)	(2,273)	(131,862)
Donated Commodities	32,338	0	32,338
Nonoperating Grants	108,251	0	108,251
Investment Income	2,768	0	2,768
Loss on Disposal of Fixed Assets	(23,945)	0	(23,945)
Net Income (Loss)	(9,500)	38,727	29,227
Net Working Capital	192,725	0	192,725
Total Assets	358,626	0	358,626
Total Equity	263,756	0	263,756

NOTES 19: RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and \$1,000 and \$500 per incident on equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$27,557,280. The District's vehicle insurance policy limit is \$1,000,000 with a \$250 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in aggregate.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTES 19: RISK MANAGEMENT (Continued)

B. Fidelity Bond

The Board President and Superintendent have a \$25,000 position bond. The Treasurer is covered under a surety bond in the amount of \$100,000. All other school employees who are responsible for handling funds are covered by a \$25,000 fidelity bond.

C. Workers' Compensation

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

D. Builders' Risk Insurance

The District is exposed to various risks of loss related to the construction and renovation work being done on several of the District's buildings. The District has purchased insurance coverage for the completed value of \$15,358,875 with a deductible of \$1,000 per incident.

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association (LACA)

The District is a participant in the Licking Area Computer Association (LACA), which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking County. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. LACA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District does not have an ongoing financial interest or responsibility in LACA. To obtain financial information, write to the Licking Area Computer Association, Shirley Dupps, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

B. Licking County Joint Vocational District

The Licking County Joint Vocational District is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Licking County Joint Vocational School District, Shirley Dupps, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 21: RELATED ORGANIZATION

*Pataskala Public Library* – The Pataskala Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a seven-member Board of Trustees. The Southwest Licking Local School District Board of Education appoints one member trustee. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Pataskala Public Library, Juanita Stone, Clerk/Treasurer, at 101 South Vine Street, Pataskala, Ohio 43062.

NOTE 22: CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement 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 effect on the overall financial position of the District at June 30, 1999.

B. Litigation

The District is not party to any claims or lawsuits that would have a material effect on the general purpose financial statements.

NOTE 23: OTHER MATTERS

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio School Funding Plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$8,555,229 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of these financial statements, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999

---

NOTE 23: OTHER MATTERS (Continued)

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

NOTE 24: YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as calendar year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting the District's operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The District obtains utility services from outside vendors whose systems have been identified as mission critical to the District. Vendors are responsible for remediating their systems and are solely responsible for any associated costs.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff System software for its payroll and employee benefits. The State is responsible for remediating these systems.

Licking and Fairfield County collect property tax for distribution to the District. Licking and Fairfield County are responsible for remediating their tax collection system.

Assurances have been obtained from First Merit Bank, who provides services to the District, that, "As of April 1, 1999, plans are to eliminate the current transmission file and move forward with the Year 2000 compliant file."

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and Federal and State payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

December 7, 1999

To the Board of Education  
Southwest Licking Local School District  
Etna, OH 43018

Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

We have audited the financial statements of Southwest Licking Local School District (the "District") as of and for the year ended June 30, 1999, and have issued our report thereon dated December 7, 1999, in which we indicated the District had changed its method of accounting for deferred compensation. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as Item #99-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 7, 1999.

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 financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 financial statements. A reportable condition is described in the accompanying schedule of findings and questioned costs as item #99-002.



Southwest Licking Local School District  
Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards  
December 7, 1999  
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Education, management 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.

*Rea & Associates, Inc.*

December 7, 1999

To the Board of Education  
Southwest Licking Local School District  
Etna, OH 43018

**Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133**

**Compliance**

We have audited the compliance of Southwest Licking Local School District (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 each of its major federal programs for the year ended June 30, 1999. The District's major federal program is identified in the "summary of auditor's results" section of the accompanying schedule of findings and questioned costs. 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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, Southwest Licking Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the 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 the internal control over compliance in accordance with OMB Circular A-133.

Southwest Licking Local School District  
Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133  
December 7, 1999  
Page 2

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.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of Southwest Licking Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 7, 1999. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Board of Education, management 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.

*Hea & Associates, Inc.*

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1999

<u>Federal/Grantor Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursement</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	048041 FY98	10.550		\$ 32,338	\$ 0	\$ 32,338
National School Lunch Program	048041-03-PU-00-98	10.555	10,047	0	10,047	0
	048041-03-PU-00-99		25,676	0	25,676	0
	048041-04-PU-00-99		18,249	0	18,249	0
	048041-04-PU-00-99		49,520	0	49,520	0
Total National School Lunch Program			<u>103,492</u>	<u>0</u>	<u>103,492</u>	<u>0</u>
<b>Total U. S. Department of Agriculture - Nutrition Cluster</b>			<b>103,492</b>	<b>32,338</b>	<b>103,492</b>	<b>32,338</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education</i>						
Special Education Grants to States	048041-6B-SF-98P	84.027	0	0	10,606	0
	048041-6B-SF-99P		100,351	0	94,093	0
<b>Total Special Education Grants</b>			<b>100,351</b>	<b>0</b>	<b>104,699</b>	<b>0</b>
Title 1, Part A, of IASA	048041-C1-S1-98	84.010	0	0	28,515	0
Improving America's Schools Act (IASA)	048041-C1-S1-99		183,321	0	176,156	0
<b>Total Title 1, Part A, of IASA</b>			<b>183,321</b>	<b>0</b>	<b>204,671</b>	<b>0</b>
Title VI, of IESA	048041-C2-S1-97	84.298	0	0	764	0
Innovative Education Program Strategy Act	048041-C2-S1-98		0	0	4,447	0
	048041-C2-S1-99		12,376	0	11,228	0
<b>Total Title VI, of IESA</b>			<b>12,376</b>	<b>0</b>	<b>16,439</b>	<b>0</b>
Eisenhower Professional Development State Grant		84.281	9,175	0	2,692	0
<b>Total Eisenhower Grant</b>			<b>9,175</b>	<b>0</b>	<b>2,692</b>	<b>0</b>
School to Work BBS Pass-through Grant	04841-WK-BE-99	17.249	25,000	0	15,000	0
<b>Total School to Work Grant</b>			<b>25,000</b>	<b>0</b>	<b>15,000</b>	<b>0</b>
Safe, Drug-Free Schools & Communities Act Grant Program	048041-DR-S1-98	84.186	0	0	5,647	0
	048041-DR-S1-99		12,561	0	5,541	0
<b>Total Safe, Drug-Free Schools &amp; Communities</b>			<b>12,561</b>	<b>0</b>	<b>11,188</b>	<b>0</b>
<b>Total U. S. Department of Education</b>			<b>342,784</b>	<b>0</b>	<b>354,689</b>	<b>0</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 446,276</b>	<b>\$ 32,338</b>	<b>\$ 458,181</b>	<b>\$ 32,338</b>

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 1999

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the 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 is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 1999, the District had no significant food commodities inventory. Moneys are commingled with State grants. It is assumed federal moneys are expended first.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 1999

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

A-133 Ref.  
.505(d)

(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 weaknesses or conditions reported at the financial statement level (GAGAS)?	Yes
(d) (1) (iii)	Were there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(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 weaknesses or 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 Section .510?	No
(d) (1) (vii)	Major Programs (list):	Nutrition Cluster CFDA #10.550, #10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
JUNE 30, 1999

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**Material Non-Compliance**

<b>FINDING NUMBER</b>	<b>99-001</b>
-----------------------	---------------

Ohio Revised Code

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The expenditures plus outstanding encumbrances for the Capital Projects Building Fund exceeded appropriations by \$3.2 million.

**Internal Controls – Reportable Conditions**

<b>FINDING NUMBER</b>	<b>99-002</b>
-----------------------	---------------

Fixed Asset \*

The school district does not have a formal procedure for updating fixed asset additions and deletions. As a result, the fixed asset listing was not accurate. It has become difficult to insure that all assets are properly recorded when purchased and taken off the books at the correct cost when disposals occur. This also creates difficulty in maintaining accurate depreciation schedules for the enterprise fund assets.

We recommend the treasurer, or someone that he may designate, review all expenditures to determine if they should be capitalized. Capitalized asset additions should be added to a ledger sheet indicating fund, category (as indicated in the financial statements), cost (including all costs to set up, ship, or prepare the item for use), a detailed description of the asset, date placed in service, and from whom purchased. Assets disposed of should also be maintained on a similar list with a disposal type indicated (sold, junked, donated, etc.). The disposal's sales price should also be indicated. Lists of additions and disposals should be forwarded monthly to the appraisal company to update the fixed asset records.

We also recommend that changes be made to the system so that dates placed in service will show the actual date. Enterprise fund assets should be segregated from general fixed assets.

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(CONTINUED)  
JUNE 30, 1999

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>	
--	--

NONE	
------	--

<b>4. SUMMARY OF PRIOR YEAR FINDINGS AND CORRECTIVE ACTION PLAN</b>	
---	--

NONE	
------	--

\* Reported in prior audit.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

SOUTHWEST LICKING LOCAL SCHOOL DISTRICT

LICKING COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JAN 18 2000