



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



LICKING HEIGHTS LOCAL SCHOOL DISTRICT  
LICKING COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education  
Licking Heights Local School District  
Licking County  
P.O. Box 27  
Summit Station, Ohio 43073-0027

We have audited the accompanying general-purpose financial statements of the Licking Heights Local School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above, present fairly, in all material respects, the financial position of the Licking Heights Local School District, Licking County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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**JIM PETRO**  
Auditor of State

November 12, 2002

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**Licking Heights Local School District, Ohio**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**For The Fiscal Year Ended June 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$1,664,073	\$113,052	\$662,088	\$14,170,484
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	6,914	30,643
<b>Receivables:</b>				
Property Taxes	5,416,208	0	1,978,809	33,922
Accounts Intergovernmental	27,558	314	0	0
	21,375	1,440	0	0
Materials and Supplies Inventory	0	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	7,172	0	0	0
<b>Restricted Assets:</b>				
Cash and Cash Equivalents	27,760	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$7,164,146</u></b>	<b><u>\$114,806</u></b>	<b><u>\$2,647,811</u></b>	<b><u>\$14,235,049</u></b>
 <b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$50,544	\$2,241	\$0	\$22,140
Contracts Payable	0	0	0	1,682,813
Retainage Payable	0	0	0	661,494
Accrued Salaries and Benefits Payable	828,303	2,676	0	0
Intergovernmental Payable	135,351	467	437	1,380
Due to Students	0	0	0	0
Deferred Revenue	4,778,249	1,440	1,743,021	33,477
Accrued Interest Payable	0	0	0	4,110
Matured Interest Payable	0	0	6,914	0
Compensated Absences Payable	19,608	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	773,992
General Obligation Bonds Payable	0	0	0	0
Rebatable Arbitrage Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>5,812,055</u></b>	<b><u>6,824</u></b>	<b><u>1,750,372</u></b>	<b><u>3,179,406</u></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	0	0	0	0
<b>Fund Balances:</b>				
Reserved for Encumbrances	133,612	6,268	0	8,931,975
Reserved for Bus Purchases	27,760	0	0	0
Reserved for Property Taxes	590,909	0	223,487	0
Unreserved	599,810	101,714	673,952	2,123,668
<b>Total Fund Equity and Other Credits</b>	<b><u>1,352,091</u></b>	<b><u>107,982</u></b>	<b><u>897,439</u></b>	<b><u>11,055,643</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$7,164,146</u></b>	<b><u>\$114,806</u></b>	<b><u>\$2,647,811</u></b>	<b><u>\$14,235,049</u></b>

See accompanying notes to the general purpose financial statements.



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$105,087	\$23,807	\$0	\$0	\$16,738,591
0	0	0	0	37,557
0	0	0	0	7,428,939
21	0	0	0	27,893
10,288	0	0	0	33,103
2,677	0	0	0	2,677
7,906	0	0	0	7,906
0	0	0	0	7,172
0	0	0	0	27,760
31,309	0	25,180,668	0	25,211,977
0	0	0	897,439	897,439
0	0	0	24,364,245	24,364,245
<u>\$157,288</u>	<u>\$23,807</u>	<u>\$25,180,668</u>	<u>\$25,261,684</u>	<u>\$74,785,259</u>
\$3,393	\$0	\$0	\$0	\$78,318
0	0	0	0	1,682,813
0	0	0	0	661,494
21,281	0	0	0	852,260
12,352	0	0	68,590	218,577
0	23,807	0	0	23,807
0	0	0	0	6,556,187
0	0	0	0	4,110
0	0	0	0	6,914
10,203	0	0	344,459	374,270
0	0	0	32,551	32,551
0	0	0	35,000	808,992
0	0	0	24,551,351	24,551,351
0	0	0	229,733	229,733
<u>47,229</u>	<u>23,807</u>	<u>0</u>	<u>25,261,684</u>	<u>36,081,377</u>
0	0	25,180,668	0	25,180,668
23,336	0	0	0	23,336
86,723	0	0	0	86,723
0	0	0	0	9,071,855
0	0	0	0	27,760
0	0	0	0	814,396
0	0	0	0	3,499,144
<u>110,059</u>	<u>0</u>	<u>25,180,668</u>	<u>0</u>	<u>38,703,882</u>
<u>\$157,288</u>	<u>\$23,807</u>	<u>\$25,180,668</u>	<u>\$25,261,684</u>	<u>\$74,785,259</u>

**Licking Heights Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Property Taxes	\$5,040,378	\$0	\$1,879,959	\$32,163	\$6,952,500
Intergovernmental	3,736,535	319,800	222,651	48,282	4,327,268
Interest	111,870	0	0	684,999	796,869
Tuition and Fees	131,537	0	0	0	131,537
Extracurricular Activities	0	143,133	0	0	143,133
Gifts and Donations	2,200	4,687	0	500	7,387
Miscellaneous	24,714	383	0	9,868	34,965
<b>Total Revenues</b>	<b>9,047,234</b>	<b>468,003</b>	<b>2,102,610</b>	<b>775,812</b>	<b>12,393,659</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	4,265,496	109,624	0	207	4,375,327
Special	836,399	102,114	0	0	938,513
Vocational	185,578	674	0	0	186,252
<b>Support Services:</b>					
Pupils	403,348	73,200	0	0	476,548
Instructional Staff	466,381	42,732	0	0	509,113
Board of Education	14,654	0	0	0	14,654
Administration	936,845	17,918	0	0	954,763
Fiscal	305,371	0	26,592	0	331,963
Operation and Maintenance of Plant	706,432	0	0	17,628	724,060
Pupil Transportation	773,874	0	0	0	773,874
Central	38,118	0	0	0	38,118
Extracurricular Activities	196,090	132,734	0	0	328,824
Capital Outlay	0	0	0	11,662,109	11,662,109
<b>Debt Service:</b>					
Principal Retirement	8,748	0	557,000	0	565,748
Interest and Fiscal Charges	3,021	0	1,357,581	30,574	1,391,176
<b>Total Expenditures</b>	<b>9,140,355</b>	<b>478,996</b>	<b>1,941,173</b>	<b>11,710,518</b>	<b>23,271,042</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(93,121)</b>	<b>(10,993)</b>	<b>161,437</b>	<b>(10,934,706)</b>	<b>(10,877,383)</b>
<b>Other Financing Sources:</b>					
Proceeds from Sale of Fixed Assets	700	0	0	0	700
Inception of Capital Lease	29,774	0	0	0	29,774
<b>Total Other Financing Sources</b>	<b>30,474</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,474</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures</b>	<b>(62,647)</b>	<b>(10,993)</b>	<b>161,437</b>	<b>(10,934,706)</b>	<b>(10,846,909)</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,414,738</b>	<b>118,975</b>	<b>736,002</b>	<b>21,990,349</b>	<b>24,260,064</b>
<b>Fund Balances at End of Year</b>	<b>\$1,352,091</b>	<b>\$107,982</b>	<b>\$897,439</b>	<b>\$11,055,643</b>	<b>\$13,413,155</b>

See accompanying notes to the general purpose financial statements.

**Licking Heights Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Property Taxes	\$5,068,413	\$5,077,051	\$8,638
Intergovernmental	3,731,883	3,735,042	3,159
Interest	104,223	102,866	(1,357)
Tuition and Fees	125,860	125,972	112
Extracurricular Activities	0	0	0
Gifts and Donations	2,200	2,200	0
Miscellaneous	8,100	9,357	1,257
<b>Total Revenues</b>	<b>9,040,679</b>	<b>9,052,488</b>	<b>11,809</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	4,336,700	4,236,526	100,174
Special	878,411	851,275	27,136
Vocational	189,888	188,373	1,515
Other	44,350	32,094	12,256
<b>Support Services:</b>			
Pupils	422,572	418,622	3,950
Instructional Staff	513,256	472,896	40,360
Board of Education	32,577	29,764	2,813
Administration	947,548	934,976	12,572
Fiscal	318,227	301,430	16,797
Operation and Maintenance of Plant	792,579	719,476	73,103
Pupil Transportation	804,419	770,909	33,510
Central	38,625	38,118	507
Extracurricular Activities	202,231	198,449	3,782
Capital Outlay	0	0	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>9,521,383</b>	<b>9,192,908</b>	<b>328,475</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(480,704)</b>	<b>(140,420)</b>	<b>340,284</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	700	700	0
Proceeds from Sale of Notes	0	0	0
Advances Out	(45,158)	0	45,158
Operating Transfers Out	(4,000)	0	4,000
<b>Total Other Financing Sources (Uses)</b>	<b>(48,458)</b>	<b>700</b>	<b>49,158</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(529,162)</b>	<b>(139,720)</b>	<b>389,442</b>
<b>Fund Balances at Beginning of Year</b>	<b>1,395,310</b>	<b>1,395,310</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>243,840</b>	<b>243,840</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$1,109,988</b>	<b>\$1,499,430</b>	<b>\$389,442</b>

See accompanying notes to the general purpose financial statements.

(Continued)

**Licking Heights Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002  
 (Continued)

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$0	\$0	\$0
Intergovernmental	316,350	319,800	3,450
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	143,007	143,601	594
Gifts and Donations	4,687	4,687	0
Miscellaneous	383	383	0
<b>Total Revenues</b>	<b>464,427</b>	<b>468,471</b>	<b>4,044</b>
Expenditures:			
Current:			
Instruction:			
Regular	113,836	109,890	3,946
Special	104,003	103,870	133
Vocational	807	718	89
Other	1,000	1,000	0
Support Services:			
Pupils	79,203	78,090	1,113
Instructional Staff	54,004	42,754	11,250
Board of Education	0	0	0
Administration	20,375	19,838	537
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	11,000	0	11,000
Central	0	0	0
Extracurricular Activities	170,079	138,901	31,178
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>554,307</b>	<b>495,061</b>	<b>59,246</b>
Excess of Revenues Under Expenditures	(89,880)	(26,590)	63,290
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	0	0
Proceeds from Sale of Notes	0	0	0
Advances Out	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(89,880)	(26,590)	63,290
Fund Balances at Beginning of Year	119,857	119,857	0
Prior Year Encumbrances Appropriated	11,276	11,276	0
<b>Fund Balances at End of Year</b>	<b>\$41,253</b>	<b>\$104,543</b>	<b>\$63,290</b>

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,928,097	\$1,929,951	\$1,854	\$0	\$0	\$0
222,651	222,651	0	39,582	48,282	8,700
0	0	0	983,396	983,329	(67)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	500	500	0
0	0	0	9,868	9,868	0
<u>2,150,748</u>	<u>2,152,602</u>	<u>1,854</u>	<u>1,033,346</u>	<u>1,041,979</u>	<u>8,633</u>
0	0	0	207	207	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	57,179	46,167	11,012
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
35,100	27,147	7,953	0	0	0
0	0	0	75,000	36,479	38,521
0	0	0	0	0	0
0	0	0	10,500	10,500	0
0	0	0	0	0	0
0	0	0	23,854,110	21,690,343	2,163,767
1,330,992	1,330,992	0	0	0	0
1,389,779	1,389,779	0	0	0	0
<u>2,755,871</u>	<u>2,747,918</u>	<u>7,953</u>	<u>23,996,996</u>	<u>21,783,696</u>	<u>2,213,300</u>
<u>(605,123)</u>	<u>(595,316)</u>	<u>9,807</u>	<u>(22,963,650)</u>	<u>(20,741,717)</u>	<u>2,221,933</u>
0	0	0	0	0	0
773,992	773,992	0	0	0	0
0	0	0	0	0	0
(100,000)	0	100,000	0	0	0
<u>673,992</u>	<u>773,992</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
68,869	178,676	109,807	(22,963,650)	(20,741,717)	2,221,933
483,412	483,412	0	19,078,545	19,078,545	0
0	0	0	4,572,875	4,572,875	0
<u>\$552,281</u>	<u>\$662,088</u>	<u>\$109,807</u>	<u>\$687,770</u>	<u>\$2,909,703</u>	<u>\$2,221,933</u>

(Continued)

**Licking Heights Local School District, Ohio**  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002  
 (Continued)

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property Taxes	\$6,996,510	\$7,007,002	\$10,492
Intergovernmental	4,310,466	4,325,775	15,309
Interest	1,087,619	1,086,195	(1,424)
Tuition and Fees	125,860	125,972	112
Extracurricular Activities	143,007	143,601	594
Gifts and Donations	7,387	7,387	0
Miscellaneous	18,351	19,608	1,257
<b>Total Revenues</b>	<b>12,689,200</b>	<b>12,715,540</b>	<b>26,340</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>Instruction:</b>			
Regular	4,450,743	4,346,623	104,120
Special	982,414	955,145	27,269
Vocational	190,695	189,091	1,604
Other	102,529	79,261	23,268
<b>Support Services:</b>			
Pupils	501,775	496,712	5,063
Instructional Staff	567,260	515,650	51,610
Board of Education	32,577	29,764	2,813
Administration	967,923	954,814	13,109
Fiscal	353,327	328,577	24,750
Operation and Maintenance of Plant	867,579	755,955	111,624
Pupil Transportation	815,419	770,909	44,510
Central	49,125	48,618	507
Extracurricular Activities	372,310	337,350	34,960
Capital Outlay	23,854,110	21,690,343	2,163,767
<b>Debt Service:</b>			
Principal Retirement	1,330,992	1,330,992	0
Interest and Fiscal Charges	1,389,779	1,389,779	0
<b>Total Expenditures</b>	<b>36,828,557</b>	<b>34,219,583</b>	<b>2,608,974</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(24,139,357)</b>	<b>(21,504,043)</b>	<b>2,635,314</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	700	700	0
Proceeds from Sale of Notes	773,992	773,992	0
Advances Out	(45,158)	0	45,158
Operating Transfers Out	(104,000)	0	104,000
<b>Total Other Financing Sources (Uses)</b>	<b>625,534</b>	<b>774,692</b>	<b>149,158</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(23,513,823)</b>	<b>(20,729,351)</b>	<b>2,784,472</b>
<b>Fund Balances at Beginning of Year</b>	<b>21,077,124</b>	<b>21,077,124</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>4,827,991</b>	<b>4,827,991</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$2,391,292</b>	<b>\$5,175,764</b>	<b>\$2,784,472</b>

See accompanying notes to the general purpose financial statements.

**Licking Heights Local School District, Ohio**  
 Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2002

	Enterprise
Operating Revenues:	
Sales	\$366,006
Operating Expenses:	
Salaries	151,672
Fringe Benefits	36,150
Purchased Services	8,605
Materials and Supplies	15,521
Cost of Sales	223,938
Depreciation	4,351
Total Operating Expenses	440,237
Operating Loss	(74,231)
Non-Operating Revenues:	
Federal Donated Commodities	26,788
Interest Income	1,719
Federal and State Subsidies	75,706
Total Non-Operating Revenues	104,213
Net Income	29,982
Retained Earnings at Beginning of Year (Restated Note 3)	56,741
Retained Earnings at End of Year	86,723
Contributed Capital at Beginning and End of Year	23,336
Total Fund Equity at End of Year	\$110,059

See accompanying notes to the general purpose financial statements.

**Licking Heights Local School District, Ohio**  
 Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2002

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$365,857	\$365,889	\$32
Interest	1,752	1,719	(33)
Federal and State Subsidies	76,105	65,418	(10,687)
<b>Total Revenues</b>	<b>443,714</b>	<b>433,026</b>	<b>(10,688)</b>
Expenses:			
Salaries	156,350	148,926	7,424
Fringe Benefits	38,991	38,855	136
Purchased Services	9,696	8,605	1,091
Materials and Supplies	232,704	213,206	19,498
Capital Outlay	12,520	9,871	2,649
<b>Total Expenses</b>	<b>450,261</b>	<b>419,463</b>	<b>30,798</b>
Excess of Revenues Over (Under) Expenses	(6,547)	13,563	20,110
Operating Transfer-Out	(1,291)	0	1,291
Excess of Revenues Over (Under) Expenses and Transfers Out	(7,838)	13,563	21,401
Fund Equity at Beginning of Year	78,333	78,333	0
Fund Equity at End of Year	<u>\$70,495</u>	<u>\$91,896</u>	<u>\$21,401</u>

See accompanying notes to the general purpose financial statements.



**Licking Heights Local School District, Ohio**  
 Combined Statement Of Cash Flows  
 Proprietary Fund Type  
 For The Fiscal year Ended June 30, 2002

	<u>Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Sales	\$366,016
Cash Payments for Employee Services and Benefits	(187,781)
Cash Payments to Suppliers for Goods and Services	<u>(217,839)</u>
Net Cash Used for Operating Activities	(39,604)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	65,418
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(779)
Cash Flows from Investing Activities:	
Interest on Investments	<u>1,719</u>
Net Increase in Cash and Cash Equivalents	26,754
Cash and Cash Equivalents Beginning of Year	<u>78,333</u>
Cash and Cash Equivalents End of Year	<u><u>\$105,087</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$74,231)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	4,351
Donated Commodities Received During the Year	26,788
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	10
Increase in Materials and Supplies Inventory	(214)
Decrease in Inventory Held for Resale	258
Increase in Accounts Payable	3,393
Increase in Accrued Salaries and Benefits Payable	1,943
Decrease in Intergovernmental Payable	(2,705)
Increase in Compensated Absences Payable	<u>803</u>
Net Cash Used for Operating Activities	<u><u>(\$39,604)</u></u>
Noncash Operating Activities:	
During fiscal year 2002, the School District received \$26,788 in Federally Donated Commodities.	
See accompanying notes to the general purpose financial statements.	

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**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 1 - Description of the School District and Reporting Entity**

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

The School District was established in 1956, and is located just east of the City of Columbus about one-half mile from the Franklin County border. The School District serves an area of approximately 53 square miles. It is located in Licking and Franklin Counties, and covers parts of the City of Pataskala, and Jersey, Lima, St. Albans, and Etna Townships in Licking County and the Cities of Reynoldsburg and Columbus, and Jefferson and Truro Townships in Franklin County. The School District is the 364<sup>th</sup> largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 71 classified employees, 114 certified full-time teaching personnel, and 7 administrative employees who provide services to 1,439 students and other community members. The School District currently operates four instructional buildings, one administrative building, and one garage.

***Reporting Entity***

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

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

The School District participates in with four jointly governed organizations and one insurance purchasing pool. These organizations are the Licking Area Computer Association, the Metropolitan Educational Council, Central Ohio Special Education Regional Resource Center, School Study Council of Ohio, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 2 - Summary of Significant Accounting Policies**

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

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

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

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

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

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

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

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

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

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

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

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

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

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

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund types and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***C. Budgetary Process***

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations at the function and object level without resolution by the Board of Education. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

***Tax Budget*** Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination.

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

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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

***D. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for some capital project monies used for construction, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to STAROhio, federal agency securities, and repurchase agreements.

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, are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. 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 at June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$111,870, which includes \$39,131 assigned from other School District funds.



**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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The School District has a bank account for the payment of bonds and coupons held separate from the School District's central bank account. This non-interest bearing checking account is presented in the combined balance sheet as "cash and cash equivalents with fiscal and escrow agents" since it is not required to be deposited into the School District treasury. The School District has money held by the City of Pataskala for escrow purposes which is also presented in the "cash and cash equivalents with fiscal and escrow agents" on the combined balance sheet.

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

***E. Inventory***

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. Prepaids***

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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 is reported in the year in which services are consumed.

***G. Restricted Assets***

Restricted assets in the general fund represent unexpended revenues restricted for the purchase of buses.

***H. Fixed Assets and Depreciation***

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from ten to twenty years and land improvements have a useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***I. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

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

***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, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are generally considered not to have been made with current available financial resources. Bonds, rebatable arbitrage, long-term notes, and capital leases payable 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.

***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.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***L. Fund Balance Reserves and Contributed Capital***

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, and bus purchases.

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

Contributed capital is recorded in proprietary funds that have received contributions from other funds, other governments, and private sources prior to fiscal year 2001. Capital contributions are now recorded as revenues and are reported as increases in retained earnings based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Nonexchange Transactions."

***M. 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 may differ from those estimates.

***N. Totals Columns on General Purpose Financial Statements***

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

**Note 3 – Restatement of Prior Year Balances**

In fiscal year 2001, the School District implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36 "Reporting for Certain Shared Nonexchange Revenues". In error, donated commodities on hand were reported as deferred revenue instead of revenue in the food service enterprise fund.

The error caused a change in net income as previously reported for the year ended June 30, 2001:

	<u>Enterprise</u>
Net Income as previously reported	\$14,514
Removal of Deferred Revenue	<u>1,967</u>
Restated amount for the year ended June 30, 2001	<u><u>\$16,481</u></u>

The error had the following effect on retained earnings as it was previously reported as of June 30, 2001.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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	<u>Enterprise</u>
Balances as previously reported	\$51,362
Removal of Deferred Revenue	<u>5,379</u>
Restated Balances as of July 1, 2001	<u><u>\$56,741</u></u>

**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payments on short term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Principal and interest payments on debt obligations are reported in debt service funds on the operating statement (budget basis) rather than in the funds receiving those proceeds (gaap basis).

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	(\$62,647)	(\$10,993)	\$161,437	(\$10,934,706)
Net Adjustment for				
Revenue Accruals	14,410	468	17,794	121,057
Unreported Cash	(58)	0	0	0
Cash with Fiscal and				
Escrow Agent	0	0	0	16,237
Increase/Decrease in Fair				
Value of Investments	(9,098)	0	0	177,308
Net Adjustment for				
Expenditure Accruals	100,920	(7,556)	(555)	1,140,792
Tax Revenue Reclass	0	0	32,198	(32,198)
Note Proceeds	0	0	773,992	0
Debt Service Principal	0	0	(773,992)	0
Debt Service Interest	0	0	(32,198)	30,574
Encumbrances	(183,247)	(8,509)	0	(11,260,781)
Budget Basis	<u>(\$139,720)</u>	<u>(\$26,590)</u>	<u>\$178,676</u>	<u>(\$20,741,717)</u>

Net Income/Excess of Revenues  
Over Expenses  
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	\$29,982
Net Adjustment for Revenue Accruals	(37,066)
Unreported Cash	(127)
Net Adjustment for Expense Accruals	30,222
Materials and Supplies Inventory	(214)
Inventory held for Resale	258
Capital Outlay	(779)
Depreciation Expense	4,351
Encumbrances	(13,064)
Budget Basis	<u>\$13,563</u>

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 5 - Accountability**

The following funds had deficit fund balances as of June 30, 2002:

	<u>Deficit</u> <u>Fund Balances</u>
<u>Special Revenue Fund:</u>	
Title I	\$186
 <u>Capital Projects Fund:</u>	
House Bill 264 Improvements	777,657

The deficit balance in the special revenue fund is the result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The deficit in the capital projects fund is the result of the issuance of notes to finance the House Bill 264 improvement projects. The note proceeds are not recognized as "Other Financing Sources" but rather as a fund liability. Once the notes are retired or bonds are issued, the deficit will be eliminated.

**Note 6 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
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2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

***Cash On Hand*** At year end, the School District had \$911 in undeposited cash on hand which is included on the balance sheet of the School District as part of "cash and cash equivalents".

***Cash with Fiscal Agents*** At year end, the School District's building construction capital projects fund had \$30,643 in cash with escrow agents which is included on the balance sheet of the School District as "cash and cash equivalents with fiscal and escrow agents." . In accordance with an agreement between the School District and the City of Pataskala, the School District placed escrow monies with the City for future site construction inspections.

**Licking Heights Local School District**  
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The money held by the City is in a pooled account of monies and therefore cannot be classified by risk under GASB Statement 3. To obtain financial information about the City of Pataskala, write to City of Pataskala 196 East Broad Street, Pataskala, Ohio 43062.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was (\$225,089) and the bank balance was \$148,974. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$48,974 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department or agent in the School District's name and all State statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 2	Category 3	Fair Value
Repurchase Agreements	\$0	\$6,088,013	\$6,088,013
Federal National Mortgage Association Discount Note	495,855	0	495,855
Federal Home Loan Mortgage Corporation Discount Note	496,555	0	496,555
STAROhio	0	0	9,917,020
<b>Totals</b>	<b>\$992,410</b>	<b>\$6,088,013</b>	<b>\$16,997,443</b>

The federal agency securities have maturities ranging from November 2002 to December 2002.

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

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



**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
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	Cash and Cash Equivalents	Investments
GASB Statement 9	\$16,803,908	\$0
Cash on Hand	(911)	0
Cash with Escrow Agent	(30,643)	0
Investments of the Cash Management Pool:		
Repurchase Agreements	(6,088,013)	6,088,013
Federal National Mortgage Association Discount Note	(495,855)	495,855
Federal Home Loan Mortgage Corporation Discount Note	(496,555)	496,555
STAROhio	(9,917,020)	9,917,020
Totals	(\$225,089)	\$16,997,443

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
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Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$185,496,290	85.76%	\$217,688,010	87.85%
Public Utility Personal	9,054,730	4.18	7,575,210	3.06
Tangible Personal Property	21,750,490	10.06	22,529,307	9.09
	\$216,301,510	100.00%	\$247,792,527	100.00%

Tax Rate per \$1,000 of assessed valuation	\$50.50	\$50.50
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The School District receives property taxes from Licking and Franklin County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Also intended to finance current fiscal year operations is the June 30 personal property tax settlement that was not received until July, 2002 in the amount of \$56,864 in the general fund, \$12,301 in the bond retirement debt service fund, and \$445 in the House Bill 264 improvements capital projects fund. The amount available as an advance at June 30, 2002, was \$814,396, \$590,909 was available to the general fund and \$223,487 was available to the bond retirement debt service fund.

**Note 8 - Receivables**

Receivables at June 30, 2002 consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>General Fund:</i>	
Pupil Tuition	\$19,382
State Foundation Adjustment	121
Licking County JVS Reimbursement	500
Homestead and Rollback	1,372
<i>Total General Fund</i>	21,375
<i>Special Revenue Fund:</i>	
Title VI-B	1,440
<i>Enterprise Fund:</i>	
National School Lunch	10,288
<i>Total All Funds</i>	\$33,103

**Note 9 - Fixed Assets**

A summary of the Proprietary Funds' fixed assets at June 30, 2002, follows:

	Enterprise
Land and Improvements	\$1,150
Furniture and Equipment	81,260
Less: Accumulated Depreciation	(51,101)
Net Fixed Assets	\$31,309

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land and Improvements	\$418,293	\$0	\$0	\$418,293
Buildings and Improvements	6,110,290	2,289,765	0	8,400,055
Furniture and Equipment	1,768,629	161,435	17,156	1,912,908
Vehicles	869,265	192,321	0	1,061,586
Construction in Progress	4,303,272	11,057,342	1,972,788	13,387,826
Total	\$13,469,749	\$13,700,863	\$1,989,944	\$25,180,668

**Licking Heights Local School District**  
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**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Nationwide Insurance for property insurances various insurance agencies for various types of insurance. Coverage is as follows:

Coverage	Amount	Deductible
Building and Contents - replacement cost	\$11,842,800	\$1,000
Boiler and Machinery	6,691,700	1,000
Extra Expense	100,000	1,000
Employee Dishonesty	100,000	0
Forgery or Alteration	100,000	0
Automobile Liability	1,000,000	0
Uninsured Motorists	1,000,000	0
General Liability Per Occurrence	1,000,000	0
General Liability Total Per Year	3,000,000	0
Musical Equipment	500,000	250
Camera Equipment	100,000	250
Electronic Data Processing	564,000	250
Valuable Papers	100,000	250
Miscellaneous	500,000	250
Builder's Risk Insurance		
Junior/Senior High School Project	11,842,200	1,000
Summit Elementary Addition Project	1,544,800	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

***B. Workers' Compensation***

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 11 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That 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 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$77,013, \$52,487, and \$53,323 respectively; 54 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$35,080 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$412,861, \$385,657, and \$209,400, respectively; 91 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$38,305 represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$195,566 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$143,778.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 13 - Employee Benefits**

***A. Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Metropolitan Educational Council.

***B. Compensated Absences***

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days. Upon retirement, employees receive a payment for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days.

***C. Employee Medical Benefits***

The School District has contracted with United HealthCare for medical/surgical benefits and Delta Dental Insurance for dental benefits. The employees share the cost of the monthly premium with the Board. For fiscal year 2002, the School District's and the employees' premiums are listed below:

	United HealthCare		Delta Dental	
	Family	Single	Family	Single
Employee Share - Certified	\$213.38	\$88.90	\$22.80	\$3.28
Employee Share - Classified	221.69	91.98	23.45	3.56
Board Share - Certified	430.41	149.54	39.91	18.87
Board Share - Classified	422.10	146.46	39.26	18.59

**Note 14 - Capital Leases**

In prior years, the School District entered into capitalized leases for risographs and copiers. The leases meet 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 general purpose financial statements. These expenditures are reflected as function expenditures on a budgetary basis.

General fixed assets consisting of leased equipment has been capitalized in the general fixed assets account group in the amount of \$44,578. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long term obligations account group. Principal payments in fiscal year 2002 totaled \$8,748.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
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Year	General Long-Term Obligation
2003	\$11,626
2004	10,027
2005	7,570
2006	6,548
2007	2,002
Total Minimum Lease Payments	37,773
Less: Amount Representing Interest	(5,222)
Present Value of Minimum Lease Payments	\$32,551

**Note 15 – Notes Payable**

A summary of the note transactions for the year ended June 30, 2002 follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
<b><i>Capital Projects Fund:</i></b>				
4.16% Energy Conservation Notes	\$773,992	\$0	\$773,992	\$0
2.99% Energy Conservation Notes	0	773,992	0	773,992
<i>Total Notes Outstanding</i>	\$773,992	\$773,992	\$773,992	\$773,992

The energy conservation notes are backed by the full faith and credit of Licking Heights Local School District. The outstanding notes mature on April 25, 2003.



**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**Note 16 – Contract Obligations**

As of June 30, 2002, the School District had contractual purchase commitments for sixteen projects. The amount for each contractor is as follows:

Contractor	Purchase Commitments	Amounts Paid as of 6/30/2002	Amounts Remaining on Contracts
<b><i>Building Construction Capital Projects Fund:</i></b>			
Steed Hammond Paul Architects	\$1,186,387	\$1,103,340	\$83,047
Settle Muter Electric	1,889,055	800,897	1,088,158
Miles-McClellan Constuction	10,026,635	5,246,828	4,779,807
MG Abbott	179,000	90,114	88,886
Howard's Sheet Metal	1,415,962	821,829	594,133
Holdridge Mechanical	105,774	78,651	27,123
General Temperature Control	1,264,131	662,541	601,590
Regency Construction Services	494,510	408,953	85,557
Schorr Associates	155,300	144,429	10,871
Econo, Inc.	342,500	191,900	150,600
C and T Design and Equipment	353,210	89,810	263,400
Hamilton Parker	170,563	43,118	127,445
Performance Site Management	2,491,563	2,438,701	52,862
2K General, Inc.	946,421	454,155	492,266
American Electric Power	143,836	0	143,836
Claypool Electric, Inc.	4,451	0	4,451
<b><i>Totals</i></b>	<b><u><u>\$21,169,298</u></u></b>	<b><u><u>\$12,575,266</u></u></b>	<b><u><u>\$8,594,032</u></u></b>

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

**Note 17 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
<b><i>General Obligation Debt:</i></b>				
School Bus General Obligation Bonds - 1997	\$37,000	\$0	\$37,000	\$0
Energy Conservation Notes - 1993	70,000	0	35,000	35,000
School Improvement Bonds - 2000	950,000	0	5,000	945,000
School Improvement Bonds - 2001				
Serial and Term Bonds	23,975,000	0	480,000	23,495,000
Captial Appreciation Bonds	87,450	23,901	0	111,351
<i>Total General Obligation Debt</i>	<u>25,119,450</u>	<u>23,901</u>	<u>557,000</u>	<u>24,586,351</u>
<b><i>Other Long-Term Obligations:</i></b>				
Rebatable Arbitrage	350,000	0	120,267	229,733
Capital Leases	11,525	29,774	8,748	32,551
Pension Obligation	84,789	68,590	84,789	68,590
Compensated Absences	375,383	154,364	185,288	344,459
<i>Total General Long-Term Obligations</i>	<u>\$25,941,147</u>	<u>\$276,629</u>	<u>\$956,092</u>	<u>\$25,261,684</u>

In June of 1997, the School District issued \$171,000 in general obligation bonds for the purchase of school buses with an interest rate of 5.28%. The debt matured on April 15, 2002 and was repaid through the bond retirement fund.

On July 1, 1993, the School District issued \$289,834 in unvoted energy conservation notes with an interest rate of 5.35% for energy conservation improvements under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The debt will be retired through reductions in energy consumption and cost savings attributed to the installation of the energy conservation improvements. Tax revenues were allocated from the general fund to the bond retirement debt service fund to meet current fiscal year obligations. The total principal and interest payment on the general obligation notes maturing in fiscal year 2003 is \$36,873, including \$1,873 interest.

The School District issued School Improvement General Obligation Bonds in the amount of \$950,000 on May 1, 2000 with an interest rate of 6.4%. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2028. The liability for the bonds is recorded in the General Long-Term Obligations Account Group with annual principal and interest requirements retired from the debt service fund.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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On September 15, 2000, the School District issued \$24,049,032 in voted general obligation bonds. The School District received \$25,082,472 in bond proceeds, which included a \$1,033,440 premium. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2028. The liability for the bonds is recorded in the General Long-Term Obligations Account Group with annual principal and interest requirements retired from the debt service fund.

The general obligation bonds will be retired with the proceeds of a 8.9 mill levy approved on March 7, 2000. The debt proceeds are used to construct a new high school building with a multi-purpose area for school and community use, renovating and improving existing school buildings and facilities, and acquiring land.

The \$24,049,032 bond issue consists of serial, term, and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 4.3-6.0%. The term bonds that mature in the year 2024, with an interest rate of 5.5%, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2022, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2022	\$1,410,000
2023	1,420,000

The term bonds due December 1, 2028, with an interest rate of 5.625%, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2025, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2025	\$1,720,000
2026	1,835,000
2027	2,020,000

The term bonds maturing after December 1, 2010 are subject to optional redemption, in whole or in part on any date in order of maturity as determined by the District and by lot within a maturity, at the option of the Board of Education on or after December 1, 2010.

The capital appreciation bonds will mature December 1, 2013 through 2017. These bonds were purchased at a discount at the time of issuance and, at maturity all compound interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$2,945,000. The fiscal year 2002 accretion amount is \$23,901.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

Principal and interest requirements to retire the general obligation bonds are as follows:

Fiscal Year Ending June 30,	School Improvement Bonds				Total
	Issued in Fiscal Year 2000		Issued in Fiscal Year 2001		
	Principal	Interest	Principal	Interest	
2003	\$5,000	\$60,320	\$630,000	\$1,263,571	\$1,958,891
2004	5,000	60,000	870,000	1,222,321	2,157,321
2005	5,000	59,680	1,045,000	1,169,659	2,279,339
2006	5,000	59,360	1,225,000	1,113,665	2,403,025
2007	5,000	59,040	470,000	1,075,716	1,609,756
2008-2012	25,000	290,400	2,325,000	4,936,269	7,576,669
2013-2017	25,000	282,400	2,490,000	4,620,946	7,418,346
2018-2022	25,000	274,400	5,235,000	4,154,394	9,688,794
2023-2027	515,000	207,200	7,990,000	2,349,722	11,061,922
2028-2029	330,000	21,440	4,160,000	237,375	4,748,815
Total	<u>\$945,000</u>	<u>\$1,374,240</u>	<u>\$26,440,000</u>	<u>\$22,143,638</u>	<u>\$50,902,878</u>

The School District's overall legal debt margin at June 30, 2002 was \$23,597,466 with an unvoted debt margin of \$558,161 at June 30, 2002. The School District was approved as a special needs district on February 15, 2000 by the Ohio Department of Education. This approval was granted based on projected tax valuation growth figures submitted by the School District to the Ohio Department of Education. The approval of the School District as a special needs district allowed them to issue the new school improvement bonds.

Arbitrage occurs when the School District profits from the issuance of tax-exempt debt which is issued at a low rate of interest and invests the proceeds in higher yielding taxable securities. Interest earnings in excess of interest expense may have to be repaid to the Federal government. Based upon information provided by the School District's bond counsel, a \$229,733 liability has been reflected in the General Long-Term Obligations Account Group as of June 30, 2002 which decreased from the June 30, 2001 estimate of \$350,000.

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

**Note 18 – Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The following table reflects the more significant financial data relating to the enterprise funds of the Licking Heights Local School District as of and for the fiscal year ended June 30, 2002.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$351,809	\$14,197	\$366,006
Depreciation Expense	4,351	0	4,351
Operating Income (Loss)	(75,985)	1,754	(74,231)
Donated Commodities	26,788	0	26,788
Operating Grants	75,706	0	75,706
Net Income	28,228	1,754	29,982
Fixed Assets Additions	779	0	779
Fixed Assets Deletions	1,400	0	1,400
Net Working Capital	74,902	14,051	88,953
Total Assets	143,237	14,051	157,288
Long-Term Liabilities payable from			
Fund Revenues	10,203	0	10,203
Total Equity	96,008	14,051	110,059
Cash Encumbrances Outstanding at June 30, 2002	13,064	0	13,064

**Note 19 - Jointly Governed Organizations**

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

The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's fixed assets. The School District's fiscal year 2002 payments to LACA were \$56,923. Financial statements for LACA can be obtained from their fiscal agent - the Licking County Joint Vocational School District, 150 Price Road, Newark, OH 43055.

***Metropolitan Educational Council*** - The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. The MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The School District's membership payment to MEC for fiscal year 2002 was \$574. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

***Central Ohio Special Education Regional Resource Center*** - The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, and representatives of universities. The School District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the School District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for COSERRC. The School District's payments to COSERRC were \$55 during fiscal year 2002.

***School Study Council of Ohio*** – The School Study Council of Ohio (Council) is a jointly governed organization operated by a Board of Trustees (Board) that is comprised of numerous Ohio school districts. The purpose of the Council is to bring about the improvement of education in member school organizations. School districts can have active membership by paying a yearly membership fee which entitles each school district to attend Council meetings and voting privileges. School districts may elect to be associate members which entitles them to attend meetings and participate in Council discussions but are not entitled to vote. The Board is annually elected from within the Council's active membership. In fiscal year 2002, the Board consisted of fourteen members. In fiscal year 2002, Licking Heights obtained active membership privileges and paid a membership fee of \$326.

**Note 20 – Insurance Purchasing Pool**

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

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 21 - Contingencies**

***A. Grants***

The School District receives 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 adverse effect on the overall financial position of the School District at June 30, 2002.

***B. Litigation***

The Licking Heights Local School District is not a party to legal proceedings.

**Note 22 - Set-Aside Calculations**

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

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

	Textbooks	Improvements
Set-aside Reserve Balance as of June 30, 2001	(\$197,224)	(\$4,043,198)
Current Year Set-aside Requirement	168,427	168,427
Qualifying Disbursements	(365,330)	(10,820,629)
Totals	(\$394,127)	(\$14,695,400)
Set-aside Balance Carried Forward to Future		
Fiscal Years	(\$394,127)	(\$14,472,760)
Total Reserve Balance	\$0	\$0

The School District has qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. The extra amounts may be used to reduce the set-aside requirement in future years. The total reserve balance for the set-asides at the end of the fiscal year was zero.

**Licking Heights Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 23 – State School Funding Decision**

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

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

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.



LICKING HEIGHTS LOCAL SCHOOL DISTRICT  
LICKING COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$26,788	\$0	\$28,095
National School Lunch Program	LLP4-2001/2002	10.555	<u>62,750</u>	<u>0</u>	<u>62,750</u>	<u>0</u>
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			<b>62,750</b>	<b>26,788</b>	<b>62,750</b>	<b>28,095</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Education Agencies	C1S1-2001/2002	84.010	86,789	0	96,850	0
Special Education Grants to States	6BSF-2001/2002	84.027	87,106	0	90,415	0
Safe and Drug-Free Schools and Communities State Grants	DRS1-2001/2002	84.186	5,332	0	6,694	0
Goals 2000 State and Local Education Systematic Improvement	G2S2-2001	84.276	0	0	7,501	0
Eisenhower Professional Development State Grants	MSS1-2001/2002	84.281	6,189	0	7,962	0
Innovative Education Program Strategies	C2S1-2002	84.298	7,027	0	7,027	0
Technology Literacy challenge Fund Grants	TFV2-2000	84.318	64,659	0	64,659	0
Class Size Reduction	CRS1-2001/2002	84.181	<u>27,563</u>	<u>0</u>	<u>27,181</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<b>284,665</b>	<b>0</b>	<b>308,289</b>	<b>0</b>
<b>Grand Total</b>			<b><u>\$347,415</u></b>	<b><u>\$26,788</u></b>	<b><u>\$371,039</u></b>	<b><u>\$28,095</u></b>

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

**LICKING HEIGHTS LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**FISCAL YEAR ENDED JUNE 30, 2002**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B--FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

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

Board of Education  
Licking Heights Local School District  
Licking County  
P.O. Box 27  
Summit Station, Ohio 43073-0027

We have audited the general-purpose financial statements of the Licking Heights Local School District, Licking County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

Licking Heights Local School District  
Licking County  
Report On Compliance And On Internal Control Required By  
*Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

**JIM PETRO**  
Auditor of State

November 12, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Licking Heights Local School District  
Licking County  
P.O. Box 27  
Summit Station, Ohio 43073-0027

### **Compliance**

We have audited compliance of the Licking Heights Local School District, Licking County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

### **Internal Control Over Compliance**

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

Licking Heights Local School District  
Licking County  
Report on Compliance with Requirements Applicable to  
Major Federal Programs and Internal Control Over Compliance in  
Accordance with OMB Circular A-133  
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.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

November 12, 2002

**LICKING HEIGHTS LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2002**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster - #10.550 and #10.555, Title 1 Grants to Local Education Agencies - #84.010, and Special Education Grants to States - #84.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

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

None.







STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**LICKING HEIGHTS LOCAL SCHOOL DISTRICT**

**LICKING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 5, 2002**