



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

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**STATE OF OHIO**



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

## REPORT OF INDEPENDENT ACCOUNTANTS

Buckeye Local School District  
Jefferson County  
198 Main Street  
Rayland, Ohio 43943

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Buckeye Local School District, Jefferson County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Buckeye Local School District, Jefferson County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As further discussed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No.33.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2001 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with his report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards 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. This 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.

**Jim Petro**  
Auditor of State

November 16, 2001

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**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$677,785	\$295,068	\$1,049,417	\$24,933
Receivables:				
Property and Other Taxes	8,448,049		1,070,373	
Accounts	421			
Intergovernmental		204,239		
Interfund	49,948			
Materials and Supplies Inventory	107,710			
Inventory Held for Resale				
Prepaid Items	5,869			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	155,467			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<u>9,445,249</u>	<u>499,307</u>	<u>2,119,790</u>	<u>24,933</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	39,704	7,357		
Accrued Wages and Benefits	1,114,200	227,662		
Compensated Absences Payable	87,234			
Interfund Payable		40,150		9,273
Intergovernmental Payable	267,535	39,872		
Deferred Revenue	6,031,910	27,192	780,823	
Due to Students				
Loan Payable				
Capital Leases Payable				
Early Retirement Incentive Payable	85,000			
Longevity Payable	4,000			
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Long-Term Pension Liability				
<b>Total Liabilities</b>	<u>7,629,583</u>	<u>342,233</u>	<u>780,823</u>	<u>9,273</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	113,905	17,226		
Reserved for Inventory	107,710			
Reserved for Property Taxes	2,416,139		289,550	
Reserved for Capital Improvements	39,506			
Reserved for Budget Stabilization	115,961			
Unreserved:				
Undesignated (Deficit)	(977,555)	139,848	1,049,417	15,660
<b>Total Fund Equity and Other Credits</b>	<u>1,815,666</u>	<u>157,074</u>	<u>1,338,967</u>	<u>15,660</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u><b>\$9,445,249</b></u>	<u><b>\$499,307</b></u>	<u><b>\$2,119,790</b></u>	<u><b>\$24,933</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$153,476	\$58,097			\$2,258,776
				9,518,422
				421
				204,239
				49,948
2,376				110,086
5,354				5,354
				5,869
				155,467
126,813		\$23,419,113		23,545,926
			\$1,338,967	1,338,967
			5,984,977	5,984,977
<u>288,019</u>	<u>58,097</u>	<u>23,419,113</u>	<u>7,323,944</u>	<u>43,178,452</u>
273				47,334
39,738				1,381,600
20,450			1,419,323	1,527,007
525				49,948
30,702				338,109
1,147				6,841,072
	58,097			58,097
			64,290	64,290
			30,562	30,562
			130,000	215,000
			4,400	8,400
			332,800	332,800
			5,247,794	5,247,794
			94,775	94,775
<u>92,835</u>	<u>58,097</u>		<u>7,323,944</u>	<u>16,236,788</u>
		23,419,113		23,419,113
327,673				327,673
(132,489)				(132,489)
				131,131
				107,710
				2,705,689
				39,506
				115,961
				227,370
<u>195,184</u>		<u>23,419,113</u>		<u>26,941,664</u>
<u>\$288,019</u>	<u>\$58,097</u>	<u>\$23,419,113</u>	<u>\$7,323,944</u>	<u>\$43,178,452</u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Revenues:</b>					
Property and Other Taxes	\$6,942,026		\$792,817		\$7,734,843
Intergovernmental	5,911,523	\$2,236,262	71,005	\$153,287	8,372,077
Interest	161,333	121			161,454
Tuition and Fees	12,703	8,526			21,229
Extracurricular Activities		143,944			143,944
Gifts and Donations	22,000	74,310		50	96,360
Miscellaneous	108,294	9,120			117,414
<b>Total Revenues</b>	<u>13,157,879</u>	<u>2,472,283</u>	<u>863,822</u>	<u>153,337</u>	<u>16,647,321</u>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	5,979,040	725,049			6,704,089
Special	1,106,301	988,112			2,094,413
Vocational	682,530	25,559			708,089
Other	240,138				240,138
<b>Support Services:</b>					
Pupils	207,225	49,240			256,465
Instructional Staff	129,041	229,414			358,455
Board of Education	31,527				31,527
Administration	1,304,744	86,030			1,390,774
Fiscal	376,606		16,998		393,604
Business		83,851			83,851
Operation and Maintenance of Plant	1,740,385	21,000			1,761,385
Pupil Transportation	1,306,009	2,500			1,308,509
Central		2,446			2,446
Operation of Non-Instructional Services		4,424			4,424
Extracurricular Activities	218,059	119,620			337,679
Capital Outlay		10,691		163,457	174,148
<b>Debt Service:</b>					
Principal Retirement	4,617	16,571	823,676		844,864
Interest and Fiscal Charges	1,380	2,773	296,875		301,028
<b>Total Expenditures</b>	<u>13,327,602</u>	<u>2,367,280</u>	<u>1,137,549</u>	<u>163,457</u>	<u>16,995,888</u>
Excess of Revenues Over (Under) Expenditures	<u>(169,723)</u>	<u>105,003</u>	<u>(273,727)</u>	<u>(10,120)</u>	<u>(348,567)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds From Sale of Fixed Assets	1,440				1,440
Proceeds From Sale of Long-Term Notes	107,381				107,381
Operating Transfers In		954	192,822		193,776
Operating Transfers Out	(193,776)				(193,776)
<b>Total Other Financing Sources (Uses)</b>	<u>(84,955)</u>	<u>954</u>	<u>192,822</u>		<u>108,821</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(254,678)</u>	<u>105,957</u>	<u>(80,905)</u>	<u>(10,120)</u>	<u>(239,746)</u>
Fund Balances at Beginning of Year - Restated Note 3	2,045,303	51,117	1,419,872	25,780	3,542,072
Increase in Reserve for Inventory	25,041				25,041
<b>Fund Balances at End of Year</b>	<u><b>\$1,815,666</b></u>	<u><b>\$157,074</b></u>	<u><b>\$1,338,967</b></u>	<u><b>\$15,660</b></u>	<u><b>\$3,327,367</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>						
Property and Other Taxes	\$7,137,911	\$7,292,737	\$154,826			
Intergovernmental	5,383,719	5,912,723	529,004	\$2,048,261	\$2,200,619	\$152,358
Interest	161,333	161,333		121	121	
Tuition and Fees	12,703	12,703		8,526	8,526	
Extracurricular Activities				150,116	143,944	(6,172)
Gifts and Donations	22,000	22,000		46,625	74,310	27,685
Miscellaneous	109,796	109,796		9,120	9,120	
<b>Total Revenues</b>	<u>12,827,462</u>	<u>13,511,292</u>	<u>683,830</u>	<u>2,262,769</u>	<u>2,436,640</u>	<u>173,871</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	5,632,737	5,933,888	(301,151)	1,022,561	759,501	263,060
Special	1,009,005	1,090,710	(81,705)	1,023,110	998,512	24,598
Vocational	1,069,365	686,242	383,123	30,000	25,563	4,437
Other	117,465	248,444	(130,979)			
Support Services:						
Pupils	197,356	199,728	(2,372)	52,543	49,466	3,077
Instructional Staff	140,362	136,250	4,112	159,300	229,292	(69,992)
Board of Education	58,900	30,250	28,650			
Administration	1,364,068	1,321,309	42,759	111,387	86,093	25,294
Fiscal	376,131	379,778	(3,647)			
Business				93,379	87,949	5,430
Operation and Maintenance of Plant	1,873,335	1,851,516	21,819		21,000	(21,000)
Pupil Transportation	1,196,448	1,326,354	(129,906)	3,000	2,500	500
Central				2,762	2,446	316
Operation of Non-Instructional Services				5,542	4,424	1,118
Extracurricular Activities	247,500	223,349	24,151	184,267	123,569	60,698
Capital Outlay				9,904	10,691	(787)
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
<b>Total Expenditures</b>	<u>13,282,672</u>	<u>13,427,818</u>	<u>(145,146)</u>	<u>2,697,755</u>	<u>2,401,006</u>	<u>296,749</u>
Excess of Revenues Over (Under) Expenditures	(455,210)	83,474	538,684	(434,986)	35,634	470,620
<b>Other Financing Sources (Uses):</b>						
Proceeds From Sale of Fixed Assets	1,440	1,440				
Proceeds From Sale of Long-Term Notes	107,381	107,381				
Operating Transfers In				954	954	
Operating Transfers Out	(421,939)	(193,776)	228,163			
Advances In	68,132	68,132		40,150	40,150	
Advances Out	(40,675)	(49,948)	(9,273)	(1,751)	(67,139)	(65,388)
<b>Total Other Financing Sources (Uses)</b>	<u>(285,661)</u>	<u>(66,771)</u>	<u>218,890</u>	<u>39,353</u>	<u>(26,035)</u>	<u>(65,388)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(740,871)	16,703	757,574	(395,633)	9,599	405,232
Fund Balances at Beginning of Year	538,634	538,634		216,588	216,588	
Prior Year Encumbrances Appropriated	130,079	130,079		44,536	44,536	
<b>Fund Balances at End of Year</b>	<u>(\$72,158)</u>	<u>\$685,416</u>	<u>\$757,574</u>	<u>(\$134,509)</u>	<u>\$270,723</u>	<u>\$405,232</u>

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

Debt Service Fund			Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,459,871	\$921,039	(\$538,832)				\$8,597,782	\$8,213,776	(\$384,006)
71,005	71,005	0	\$88,530	\$153,287	\$64,757	7,591,515	8,337,634	746,119
		0				161,454	161,454	
		0				21,229	21,229	
		0				150,116	143,944	(6,172)
		0		50	50	68,625	96,360	27,735
		0				118,916	118,916	
<u>1,530,876</u>	<u>992,044</u>	<u>(538,832)</u>	<u>88,530</u>	<u>153,337</u>	<u>64,807</u>	<u>16,709,637</u>	<u>17,093,313</u>	<u>383,676</u>
						6,655,298	6,693,389	(38,091)
						2,032,115	2,089,222	(57,107)
						1,099,365	711,805	387,560
						117,465	248,444	(130,979)
						249,899	249,194	705
						299,662	365,542	(65,880)
						58,900	30,250	28,650
						1,475,455	1,407,402	68,053
20,000	16,998	3,002				396,131	396,776	(645)
						93,379	87,949	5,430
						1,873,335	1,872,516	819
						1,199,448	1,328,854	(129,406)
						2,762	2,446	316
						5,542	4,424	1,118
						431,767	346,918	84,849
			144,320	163,457	(19,137)	154,224	174,148	(19,924)
823,676	823,676					823,676	823,676	
296,875	296,875					296,875	296,875	
<u>1,140,551</u>	<u>1,137,549</u>	<u>3,002</u>	<u>144,320</u>	<u>163,457</u>	<u>(19,137)</u>	<u>17,265,298</u>	<u>17,129,830</u>	<u>135,468</u>
<u>390,325</u>	<u>(145,505)</u>	<u>(535,830)</u>	<u>(55,790)</u>	<u>(10,120)</u>	<u>45,670</u>	<u>(555,661)</u>	<u>(36,517)</u>	<u>519,144</u>
						1,440	1,440	
63,348	192,822	129,474				107,381	107,381	
						64,302	193,776	129,474
				9,273	9,273	(421,939)	(193,776)	228,163
						108,282	117,555	9,273
						(42,426)	(117,087)	(74,661)
<u>63,348</u>	<u>192,822</u>	<u>129,474</u>		<u>9,273</u>	<u>9,273</u>	<u>(182,960)</u>	<u>109,289</u>	<u>292,249</u>
453,673	47,317	(406,356)	(55,790)	(847)	54,943	(738,621)	72,772	811,393
1,002,100	1,002,100		24,760	24,760		1,782,082	1,782,082	
			1,020	1,020		175,635	175,635	
<u>\$1,455,773</u>	<u>\$1,049,417</u>	<u>(\$406,356)</u>	<u>(\$30,010)</u>	<u>\$24,933</u>	<u>\$54,943</u>	<u>\$1,219,096</u>	<u>\$2,030,489</u>	<u>\$811,393</u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES  
EXPENSES AND CHANGES IN FUND BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$379,466
Total Revenues	379,466
<b>Operating Expenses:</b>	
Salaries and Wages	254,608
Fringe Benefits	129,299
Purchased Services	6,213
Materials and Supplies	124,881
Cost of Sales	299,869
Depreciation	15,416
Total Operating Expenses	830,286
Operating Loss	(450,820)
<b>Non-Operating Revenues :</b>	
Federal Donated Commodities	22,961
Interest	3,951
Operating Grants	385,386
Total Non-Operating Revenues	412,298
Net Loss	(38,522)
Retained Earnings (Deficit) at Beginning of Year	(93,967)
Retained Earnings (Deficit) at End of Year	(132,489)
Contributed Capital at Beginning and End of Year	327,673
<b>Total Fund Equity at End of Year</b>	<b>\$195,184</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Sales	\$440,138	\$379,466	(\$60,672)
Interest Income	3,951	3,951	
Operating Grants	<u>385,386</u>	<u>385,386</u>	
Total Revenues	<u>829,475</u>	<u>768,803</u>	<u>(60,672)</u>
<b>Expenses:</b>			
Salaries and Wages	650,000	251,464	398,536
Fringe Benefits	0	127,941	(127,941)
Purchased Services	1,500	6,713	(5,213)
Materials and Supplies	249,422	406,436	(157,014)
Capital Outlay	<u>403</u>	<u>11,760</u>	<u>(11,357)</u>
Total Expenses	<u>901,325</u>	<u>804,314</u>	<u>97,011</u>
Excess of Revenues Over Expenses	(71,850)	(35,511)	36,339
Advances In	525	525	
Advances Out	<u>(993)</u>	<u>(993)</u>	
Excess of Revenues and Advances In Over Expenses and Advances Out	(72,318)	(35,979)	36,339
Fund Equity at Beginning of Year	179,836	179,836	
Prior Year Encumbrances Appropriated	<u>4,419</u>	<u>4,419</u>	
<b>Fund Equity at End of Year</b>	<u><u>\$111,937</u></u>	<u><u>\$148,276</u></u>	<u><u>\$36,339</u></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2001**

	<b>Enterprise</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$379,466
Cash Payments for Goods and Services	(408,049)
Cash Payments for Employee Services	(251,464)
Cash Payments for Employee Benefits	(127,941)
	(407,988)
Net Cash Used by Operating Activities	(407,988)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Grants Received	385,386
Advance In	525
Advance Out	(993)
	384,918
Net Cash Provided by Noncapital Financing Activities	384,918
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Payments for Capital Aquisitions	(11,660)
	(11,660)
Net Cash Used for Capital and Related Financing Activities	(11,660)
<b>Cash Flows from Investing Activities:</b>	
Receipts of Interest	3,951
	3,951
Net Cash Provided by Investing Activities	3,951
Net Decrease in Cash and Cash Equivalents	(30,779)
Cash and Cash Equivalents at Beginning of Year	184,255
	184,255
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$153,476</b>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss	(\$450,820)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:</b>	
Depreciation	15,416
Donated Commodities Used During Year	22,961
<b>Changes in Assets and Liabilities:</b>	
Decrease in Inventory Held for Resale	22
Increase in Materials and Supply Inventory	(89)
Decrease in Accounts Payable	(78)
Increase in Accrued Wages Payable	1,553
Increase in Deferred Revenue	98
Increase in Compensated Absences Payable	1,591
Increase in Intergovernmental Payable	1,358
	1,358
Total Adjustments	42,832
<b>Net Cash Used by Operating Activities</b>	<b>(\$407,988)</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was created by the consolidation in 1965 of Adena, Dillonvale, Mount Pleasant, Brilliant, Smithfield and Yorkville Local School Districts, and by a merger with the Warren Consolidated School District in 1966. The School District serves an area of approximately 136 square miles encompassing most of the southern half of Jefferson County, extending west into Harrison County and south into Belmont County. It is staffed by 110 non-certificated employees, 180 certificated full-time teaching personnel, and 14 administrative employees who provide services to 2,514 students and other community members. The School District currently operates 7 instructional buildings, 1 administrative building, and 1 garage.

**Reporting Entity:**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Buckeye 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. No separate government units meet the criteria for inclusion as a component unit.

The School District is associated with two jointly governed organizations, the Ohio Mid-Eastern Educational Service Agency and the Jefferson County Joint Vocational School. These organizations are presented in Note 18 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Buckeye 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.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**1. Governmental Fund Types:**

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

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Fund**

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Projects Funds**

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

**2. Proprietary Fund Type:**

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

**Enterprise 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.

**3. Fiduciary Fund Types:**

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

**4. 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.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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. The enterprise funds operating statements present increases (e.g., revenues) and decreases (e.g., 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.

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 day of fiscal 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. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7). Revenue from grants 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 nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 primary level of budgetary control is at the function level for the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**1. 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 Jefferson County Budget Commission for rate determination.

**2. 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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001. Prior to year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

**3. Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, level of expenditures in the General fund, and fund level for all other funds, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District.

The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within the general fund, or alter the general fund object appropriations within functions, must be approved by the Board of Education. The treasurer allocates the Board's appropriation to the function and object level.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**4. 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. 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.

**5. Lapsing of Appropriations:**

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$161,333, which includes \$84,886 assigned from other School District funds. Interest credited to the scholarship special revenue fund and the food service enterprise fund amounted to \$121 and \$3,951, respectively.

During fiscal year 2001, the investments were limited to certificates of deposit, repurchase agreements and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001. Repurchase agreements are reported at cost.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**E. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

**F. Estimates**

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

**G. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**I. Fixed Assets and Depreciation**

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 have any infrastructure.

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

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

**J. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**K. Compensated Absences**

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



**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, special termination benefits 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 year-end are considered not to have been paid with current financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

**M. Interfund Transactions**

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

**N. Fund Balance Reserves**

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**O. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

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

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position 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.

**3. CHANGES IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000. For fiscal year 2001, certain adjustments have resulted in fund equity restatements. The increase in the fund balance for special revenue funds resulted from the Expendable Trust Funds being reported as an special revenue funds for fiscal year 2001 as opposed to being reported as expendable trust funds during fiscal year 2000.

	<b>Special Revenue</b>	<b>Expendable Trust</b>
Fund Balance at June 30, 2000	\$103,079	\$1,000
Fund Reclassification	1,000	(1,000)
Implementation of GASB 33	(52,962)	0
Adjusted Fund Balance at June 30, 2000	\$51,117	\$0

The special revenue funds excess of revenues and other financing sources over/(under) expenditures and other financing uses decreased in the amount of \$52,962, from \$29,507 to (\$23,455).

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability:**

At June 30, 2001, the following funds had deficit fund balances:

	<b>Deficit Fund Balance</b>
<b>Special Revenue Funds:</b>	
Title IVB	\$18,803
Emergency Management Information System	81
Preschool	19,553
Disadvantaged Pupil Impact Aid	82,815
Goals 2000	1,732
<b>Capital Projects Fund:</b>	
Power Up	9,273

These deficit fund balances were created by 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.

**B. Compliance:**

The following funds had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June 30, 2001, contrary to the Ohio Revised Code, 5705.41 (B):

	<b>Appropriations</b>	<b>Expenditures Plus Encumbrances</b>	<b>Excess</b>
<b>General Fund:</b>			
Regular Instruction	\$5,632,737	\$5,933,888	\$301,151
Special Instruction	1,009,005	1,090,710	81,705
Other Instruction	117,465	248,444	130,979
Pupil Transportation	1,196,448	1,326,354	129,906
<b>Special Revenue Funds:</b>			
Ohio Appalachian Higher Education	1,460	2,586	1,126
Educational Management Information	7,001	10,456	3,456
Data Communication	0	21,000	21,000
Ohio Reads	131,462	139,149	7,687
Continuous Improvement	15,973	16,919	946
<b>Capital Projects Fund:</b>			
School Net	68,530	90,557	22,027

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. ACCOUNTABILITY AND COMPLIANCE (Continued)**

In the future, the School District will revise the appropriation resolution during the year as needed in an effort to eliminate expenditures plus encumbrances in excess of appropriations.

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001, contrary to Ohio Revised Code § 5705.39.

Fund Type	Estimated Resources and Unencumbered Balances	Appropriations	Excess
<b>General Fund:</b>	\$13,004,415	\$13,673,143	(\$72,143)
<b>Special Revenue Funds:</b>			
Disadvantaged Pupil Impact Aid	458,196	621,102	(162,906)
Title IVR	12,613	97,455	(84,842)
<b>Capital Projects Fund:</b>			
Power Up	41,870	72,900	(31,030)

The School District will monitor estimated revenue levels in the future to ensure that appropriations are not in excess of the amount available.

**5. BUDGETARY BASIS OF ACCOUNTING**

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

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**

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
GAAP Basis	(\$254,678)	\$105,957	(\$80,905)	(\$10,120)
Revenue Accruals	353,413	(35,643)	128,222	0
Expenditure Accruals	22,110	(9,381)	0	0
Prepaid Items	469	0	0	0
Material/Supply Inventory	25,041	0	0	0
Advances	18,184	(26,989)	0	9,273
Encumbrances	(147,836)	(24,345)	0	0
Budget Basis	<u>\$16,703</u>	<u>\$9,599</u>	<u>\$47,317</u>	<u>(\$847)</u>

**Net Loss/Excess of Revenues and Advances In Under  
Expenses and Advances Out Proprietary Fund Type**

	<b>Enterprise</b>
GAAP Basis	(\$38,522)
Revenue Accrual	0
Expense Accrual	4,388
Materials and Supplies Inventory	89
Inventory Held for Resale	(22)
Capital Outlay	(11,660)
Advances	(468)
Depreciation Expense	15,416
Encumbrances	<u>(5,200)</u>
Budget Basis	<u>(\$35,979)</u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. CASH AND CASH EQUIVALENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. CASH AND CASH EQUIVALENTS (Continued)**

7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either the two highest rating classification by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 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 were \$28,323 and the bank balance was \$78,303. The bank balance was covered by federal depository insurance and collateralized by securities held by the pledging financial institutions' trust department in the school district's name and all State statutory requirements for the deposit of money had been followed.

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

	<b>Category 3</b>	<b>Unclassified</b>	<b>Carrying and Fair Value</b>
Repurchase Agreement	\$449,935	\$0	\$449,935
STAR Ohio	0	1,935,985	1,935,985
Total	\$449,935	\$1,935,985	\$2,385,920

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. CASH AND CASH EQUIVALENTS (Continued)**

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:

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement 9	\$2,414,243	\$0
Investments:		
Repurchase Agreements	(449,935)	449,935
STAR Ohio	(1,935,985)	1,935,985
GASB Statement 3	\$28,323	\$2,385,920

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

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

Public utility 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. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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





**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**8. RECEIVABLES (Continued)**

<b>Intergovernmental Receivables</b>	<b>Amounts</b>
<b>Special Revenue Funds:</b>	
Title IVB	\$22,185
Math and Science State Grant	1,613
Title IV	3,394
Chapter 1	157,087
E-Rate	14,558
Preschool	<u>5,402</u>
Total Special Revenue Funds	<u>204,239</u>
Total Intergovernmental Receivables	<u><u>\$204,239</u></u>

**9. FIXED ASSETS**

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

Furniture and Equipment	\$423,636
Less Accumulated Depreciation	<u>(296,823)</u>
Net Fixed Assets	<u><u>\$126,813</u></u>

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

<b>Asset Category</b>	<b>Balance at 6/30/00</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/01</b>
Land and Improvements	\$963,076	\$0	\$0	\$963,076
Buildings and Improvements	16,129,589	187,020	0	16,316,609
Furniture, Fixtures and Equipment	3,522,404	281,985	0	3,804,389
Textbooks	936,383	0	0	936,383
Vehicles	<u>1,434,140</u>	<u>211,696</u>	<u>247,180</u>	<u>1,398,656</u>
Totals	<u><u>\$22,985,592</u></u>	<u><u>\$680,701</u></u>	<u><u>\$247,180</u></u>	<u><u>\$23,419,113</u></u>

**10. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001 the School District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

Building and Contents-replacement cost (\$1,000 deductible)	\$42,275,320
Inland Marine Coverage (\$100 deductible)	311,874
Boiler and Machinery (\$1,000 deductible)	No limit
Crime Insurance	1,000
Automotive Liability (\$500 deductible)	1,000,000
Uninsured Motorist (\$500 deductible)	1,000,000
General Liability:	
Per Occurrence	1,000,000
Total per Year	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year. The School District pays the State a rate per \$100 of salaries for workers' compensation.

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

The 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 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, 2001, 2000, and 1999 were \$83,507, \$71,079 and \$174,163 respectively; 51.93 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$40,145 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**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, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon 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, 2001, 2000, and 1999 were \$779,520, \$443,883 and \$371,053, respectively; 83.51 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$128,505 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**12. POSTEMPLOYMENT BENEFITS**

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

For the fiscal year ended June 30, 2001, 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 \$369,246 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$233,881.

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, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 39 days for classified employees and 52 ½ days for certified employees.

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**13. OTHER EMPLOYEE BENEFITS (Continued)**

**B. Health/Life Insurance**

The School District provides health, prescription, dental, and major medical insurance for all eligible employees by contracting with Medical Mutual of Ohio and with the Health Plan. Coverage through Medical Mutual of Ohio includes major medical, prescription, and dental. Coverage through the Health Plan only covers medical. Therefore, employees who are covered by the Health Plan must also contract with Medical Mutual of Ohio for dental coverage. The School District pays monthly premiums through Medical Mutual of Ohio of up to \$604.34 for family coverage and up to \$240.37 for individual coverage; through the Health Plan, the School District pays up to \$395.15 for family medical coverage and up to \$158.03 for individual medical coverage, and up to \$45.09 for family dental coverage and up to \$16.67 for individual dental coverage.

The School District provides life insurance and accidental death dismemberment to employees through CoreSource in the amount of \$30,000 per employee.

**C. Early Retirement Incentive**

The School District offers a one-time retirement incentive of \$15,000 to those certified employees who for the first time have met eligibility retirement requirements based on STRS standards and elect to retire on or before August 1, in the year they become eligible. The retirement incentive is paid in three equal installments of \$5,000 payable on the School District's first regular pay date in August over a three year span.

**D. Longevity Compensation**

The School District offers to administrators \$600 per year for each consecutive year of administrative experience served in the Buckeye Local school District paid in three annual installments upon retirement from the District.

**14. CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, the School District has entered into capitalized leases for equipment and furniture and fixtures. During fiscal year 2001, the district entered into two additional capital leases.

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 combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$75,754, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$21,188 in the governmental funds.

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**14. CAPITAL LEASES - LESSEE DISCLOSURE**

Future minimum lease payments through 2004 are as follows:

Year	Amount
2002	\$25,342
2003	5,999
2004	<u>1,806</u>
Total	33,147
Less: Amount Representing Interest	<u>(2,585)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$30,562</u></u>

**15. LONG - TERM OBLIGATIONS**

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

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
School Improvement Bond 5.625%	\$5,809,794	\$0	\$655,000	\$5,154,794
School Bus Bond 5.20-5.50%	135,000	0	42,000	93,000
Modular Building Loan 5.25%	8,585	0	8,585	0
School Bus Loan 5.87%	0	107,381	43,091	64,290
Energy Conservation Loan 5.25%	407,800	0	75,000	332,800
Total Long-Term Bonds and Loans	<u>6,361,179</u>	<u>107,381</u>	<u>823,676</u>	<u>5,644,884</u>
Capital Leases	51,750	0	21,188	30,562
Early Retirement Incentive	50,000	165,000	85,000	130,000
Longevity Compensation	7,200	1,200	4,000	4,400
Pension Obligation	70,384	94,775	70,384	94,775
Compensated Absences	<u>1,400,947</u>	<u>812,490</u>	<u>794,114</u>	<u>1,419,323</u>
Total General Long-Term Obligations	<u><u>\$7,941,460</u></u>	<u><u>\$1,180,846</u></u>	<u><u>\$1,798,362</u></u>	<u><u>\$7,323,944</u></u>

On June 1, 1993, the School District defeased two school improvement bond issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. LONG - TERM OBLIGATIONS (Continued)**

old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2001, \$7,270,000 of bonds outstanding are considered defeased.

**Buckeye Local School Improvement Refunding General Obligation Bonds** - On June 1, 1993, Buckeye Local School District issued \$9,609,794 in voted general obligation bonds for the purpose of refunding existing debt that has been used for improving, renovating, and remodeling existing school buildings and constructing, furnishing, and equipping a new high school. The bonds were issued for an eighteen year period with final maturity at December 1, 2011. The bonds will be retired from the debt service fund.

**Buckeye Local School Bus General Obligation Bonds** - On June 1, 1997, Buckeye Local School District issued \$250,000 in unvoted general obligation bonds for the purpose of purchasing school buses. The bonds were issued for a six year period with final maturity at April 15, 2003. The bonds will be retired from the debt service fund with revenue from grants for the acquisition of buses received from the State of Ohio transferred from the general fund. The bonds were issued through the Ohio School Bus Pooled Financing Program sponsored by the Ohio Association of School Business Officials. The Program is a statewide, uniform financing structure created by the Ohio Association of School Business Officials and Seasongood and Mayer to permit the financing of school bus purchases over a two to ten year repayment period. The program trustee, (Fifth Third Bank), acts as the issuer accepting loans from the 21 participating school districts, which in turn aggregate to form a single bond issue. No school district has any obligation to pay the principal and interest with respect to the bonds of any other participating school district.

**Energy Conservation Loan** - On April 3, 1996, Buckeye Local School District issued \$533,682 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2006. The note was issued as a revolving loan for which the School District can request additional proceeds on an as-needed-basis up to \$750,000. During fiscal year 1997 the School District issued an additional \$155,188 and during fiscal year 1998 \$18,930 was issued. The loan will be paid from energy savings realized from the energy conservation measures transferred from the general fund to the debt service fund.

**Modular Buildings Loan** - On November 25, 1997, Buckeye Local School District issued a loan for \$51,505 for the purpose of purchasing two modular buildings to be used as classroom facilities. The loan was issued for a three year period with final maturity during fiscal year 2001. The loan will be paid from Title I revenues transferred to the debt service fund.

**School Bus Loan** - On July 31, 2000, Buckeye Local School District issued a loan for \$107,381 for the purpose of purchasing two school buses. The loan was issued for a four year period with final maturity during fiscal year 2004. The bonds will be retired from the debt service fund with revenue from grants for the acquisition of buses received from the State of Ohio transferred from the general fund.

Capital leases will be paid from the General Fund and the E-Rate Special Revenue Fund. Compensated absences, the early retirement incentive, the longevity compensation, and the pension obligation, which represents contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.



**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. LONG - TERM OBLIGATIONS (Continued)**

School District's overall legal debt margin was \$4,997,504 with an unvoted debt margin of \$606,353 at June 30, 2001.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2001 are as follows:

Fiscal year Ending June 30, 2001	Principal	Interest	Total
2002	\$825,220	\$256,614	\$1,081,834
2003	864,406	516,599	1,381,005
2004	249,970	802,095	1,052,065
2005	205,577	815,158	1,020,735
2006	144,752	831,594	976,346
2007-2011	2,584,959	1,701,217	4,286,176
2012-2016	<u>770,000</u>	<u>21,656</u>	<u>791,656</u>
Total	<u><u>\$5,644,884</u></u>	<u><u>\$4,944,933</u></u>	<u><u>\$10,589,817</u></u>

**16. INTERFUND ACTIVITY**

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

	Interfund Receivable	Interfund Payable
General Fund	<u>\$49,948</u>	<u>\$0</u>
Special Revenue Fund:		
Chapter I	<u>0</u>	<u>40,150</u>
Total Special Revenue Funds	<u>0</u>	<u>40,150</u>
Capital Projects Fund:		
Power Up	<u>0</u>	<u>9,273</u>
Total Capital Projects Fund	<u>0</u>	<u>9,273</u>
Enterprise Fund:		
Uniform School Supplies	<u>0</u>	<u>525</u>
Total Enterprise Fund	<u>0</u>	<u>525</u>
Total All Funds	<u><u>\$49,948</u></u>	<u><u>\$49,948</u></u>

**BUCKEYE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**17. 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 table below reflects the more significant financial data relating to the enterprise funds of the Buckeye Local School District as of and for the fiscal year ended June 30, 2001.

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$340,598	\$38,868	\$379,466
Depreciation Expense	15,416	0	15,416
Operating Income (Loss)	(455,452)	4,632	(450,820)
Donated Commodities	22,961	0	22,961
Operating Grants	385,386	0	385,386
Interest	3,951	0	3,951
Net Income (Loss)	(43,154)	4,632	(38,522)
Fixed Asset Additions	11,660	0	11,660
Net Working Capital	46,219	22,152	68,371
Total Assets	265,342	22,677	288,019
Total Equity	<u>173,032</u>	<u>22,152</u>	<u>195,184</u>
Encumbrances Outstanding at June 30, 2001	<u>\$5,200</u>	<u>\$0</u>	<u>\$5,200</u>

**18. JOINTLY GOVERNED ORGANIZATIONS**

**Ohio Mid-Eastern Regional Educational Service Agency** - The School District is a participant in the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. 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 OME-RESA is selected by the member districts. OME-RESA possesses its own budgeting, appropriating, contracting and designating management. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

**Jefferson County Joint Vocational School** - The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Jefferson County Joint Vocational School, Karen Spoonmoore, who serves as Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**19. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, Am. Sub. Senate Bill 345 amended Ohio Revised Code § 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. The Board has voted to maintain the reserve consisting only of refunds from the Bureau of Workers Compensation.

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

	<b>Textbooks</b>	<b>Capital Improvements</b>	<b>Budget Stabilization</b>
Set-aside reserve balance as of June 30, 2000	\$35,558	\$108,899	\$161,961
Current year set-aside requirement	294,030	294,030	0
Reduction in Bureau of Workers Compensation for an allowable expenditure	0	0	(46,000)
Qualifying Disbursements	<u>(363,383)</u>	<u>(363,423)</u>	<u>0</u>
Totals	<u>(\$33,795)</u>	<u>\$39,506</u>	<u>\$115,961</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$33,795)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30,	<u>\$0</u>	<u>\$39,506</u>	<u>\$115,961</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement of future years. The School District did not have qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside. This positive amount must be held in cash at year end and carried forward to be used for the same purpose in future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$155,467.

**20. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**20. CONTINGENCIES (Continued)**

**B. Litigation**

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**21. SUBSEQUENT EVENT**

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.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 1, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, 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.

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	03-PU-01	10.550		\$22,607		\$22,607
National School Lunch Program	04-PU-01	10.555	286,410		286,410	
National School Breakfast Program	05-PU-01	10.553	<u>73,482</u>		<u>73,482</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>359,892</u>	<u>22,607</u>	<u>359,892</u>	<u>22,607</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States Title VI-B Flow Through	6B-SF-00 6B-SF-01	84.027	20,555 231,042		66,458 223,394	
Special Education - Preschool Grant	PG-S1-00 PG-S1-01	84.173	<u>20,881</u>		<u>10,410</u> <u>11,596</u>	
Total Special Education Cluster			<u>272,478</u>		<u>311,858</u>	
Title VI R Classroom Reduction Grant	CR-S1-00 CR-S1-01	84.340	<u>97,455</u>		12,613 <u>76,196</u>	
Total Title VI R Classroom Reduction Grant			<u>97,455</u>		<u>88,809</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00C C1-S1-01	84.010	157,086 <u>590,959</u>		92,276 <u>630,442</u>	
Total Title I			<u>748,045</u>		<u>722,718</u>	
Innovative Educational Program Strategies	C2-S1-99C C2-S1-00 C2-S1-01	84.298	<u>12,278</u>		392 7,592 <u>9,803</u>	
Total Innovative Educational Programs			<u>12,278</u>		<u>17,787</u>	
Drug-Free Schools Grant	DR-S1-00 DR-S1-01	84.186	<u>10,888</u>		10,370 <u>441</u>	
Total Drug-Free Schools Grant			<u>10,888</u>		<u>10,811</u>	
Title II - Dwight D. Eisenhower Program	MS-S1-99C MS-S1-00 MS-S1-01	84.281	6,513 <u>14,516</u>		2,980 7,121 <u>5,336</u>	
Total Title II			<u>21,029</u>		<u>15,437</u>	
Continuous Improvement Implementation Grant	G2-S2-00 G2-S2-01	84.276	<u>18,000</u>		15,955 <u>964</u>	
Total Continuous Improvement Implementation Grant			<u>18,000</u>		<u>16,919</u>	
Total Department of Education			<u>1,180,173</u>		<u>1,184,339</u>	
<b>Total Federal Financial Assistance</b>			<u><b>\$1,540,065</b></u>	<u><b>\$22,607</b></u>	<u><b>\$1,544,231</b></u>	<u><b>\$22,607</b></u>

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2001**

**A. SIGNIFICANT ACCOUNTING POLICIES**

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

**B. FOOD DISTRIBUTION**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

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

Buckeye Local School District  
Jefferson County  
198 Main Street  
Rayland, Ohio 43943

To the Board of Education:

We have audited the financial statements of Buckeye Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated November 16, 2001, which indicated the District implemented Governmental Accounting Statement No. 33 for the fiscal year ended June 30, 2001. 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 Buckeye Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2001-11241-01 and 2001-11241-02. We also noted certain immaterial instances of noncompliance which we have reported to management of Buckeye Local School District in a separate letter dated November 16, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Buckeye Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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.

Buckeye Local School District  
Jefferson County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

November 16, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza Suite 302  
Youngstown, Ohio 44503

Telephone 330-797-9900  
800-443-9271

Facsimile 330-797-9949

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

Buckeye Local School District  
Jefferson County  
198 Main Street  
Rayland, Ohio 43943

To the Board of Education:

**Compliance**

We have audited the compliance of Buckeye Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. Buckeye Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Buckeye Local School District's management. Our responsibility is to express an opinion on Buckeye Local School 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 Buckeye Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buckeye Local School District's compliance with those requirements.

In our opinion, Buckeye Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

### **Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

November 16, 2001

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

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

**BUCKEYE LOCAL SCHOOL DISTRICT  
JEFFERSON COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2001-11241-01</b>
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**Ohio Revised Code § 5705.39** states that appropriations from each fund are limited to the estimated resources of that fund as certified by the budget commission. During fiscal year 2001 the General Fund, the Disadvantaged Pupil Impact Aid Fund and the Title IV-R Fund, (two special revenue funds), and the Power Up Fund (a capital project fund) had appropriations which exceeded the total estimated resources. During fiscal year 2001, appropriations of the General Fund exceeded the total estimated resources by \$72,143, approximately ½ % of total appropriations. Appropriations of the two special revenue funds exceeded the total estimated resources by \$247,748, approximately 34% of total appropriations of those funds. Appropriations of the Power Up Grant exceeded the total estimated resources by \$31,030, approximately 43% of total appropriations for that fund.

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances. The District should not post or consider any appropriation measure effective until the County Auditor files a certificate with the District that the total appropriations from each fund do not exceed the official certificate of estimated resources or the amended official certificate. The District was advised that Ohio Revised Code § 5705.36 permits a subdivision to obtain an amended certificate for revenues received in excess of the prior estimate or from a new source.

<b>Finding Number</b>	<b>2001-11241-02</b>
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**Ohio Revised Code § 5705.41(B)** states that no subdivision is to expend money unless it has been appropriated. During fiscal year 2001, the General Fund, five special revenue funds, and a capital projects fund had expenditures plus encumbrances which exceeded appropriations. For four line items, the General Fund had expenditures plus encumbrances which exceeded appropriations by \$643,741 or 8% of appropriations for those four line items. The five special revenue funds, (the Ohio Appalachian Higher Education Fund, the Educational Management Systems Fund, the Data Communication Fund, the Ohio Reads Fund and the Continuous Improvement Fund) had expenditures plus encumbrances which exceeded appropriations by \$34,215 or 22% of appropriations. The School Net Fund, a capital projects fund had expenditures plus encumbrances which exceeded appropriations by \$22,027 or 32% of appropriations.

The District should revise the appropriation resolution during the year as needed to ensure that expenditures plus encumbrances do not exceed appropriations.

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

<b>Finding Number</b>	
<b>NONE</b>	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**BUCKEYE LOCAL SCHOOL DISTRICT**

**JEFFERSON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 10, 2002**