

BUCKEYE LOCAL SCHOOL DISTRICT

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2000

Charles E. Harris and Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Buckeye Local School District
Ashtabula, Ohio

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

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

JIM PETRO
Auditor of State

February 5, 2001

BUCKEYE LOCAL SCHOOL DISTRICT
AUDIT REPORT
For the Year Ended June 30, 2000

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**BUCKEYE LOCAL SCHOOL DISTRICT
AUDIT REPORT
For the Year Ended June 30, 2000**

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Buckeye Local School District

List of Principal Officials

June 30, 2000

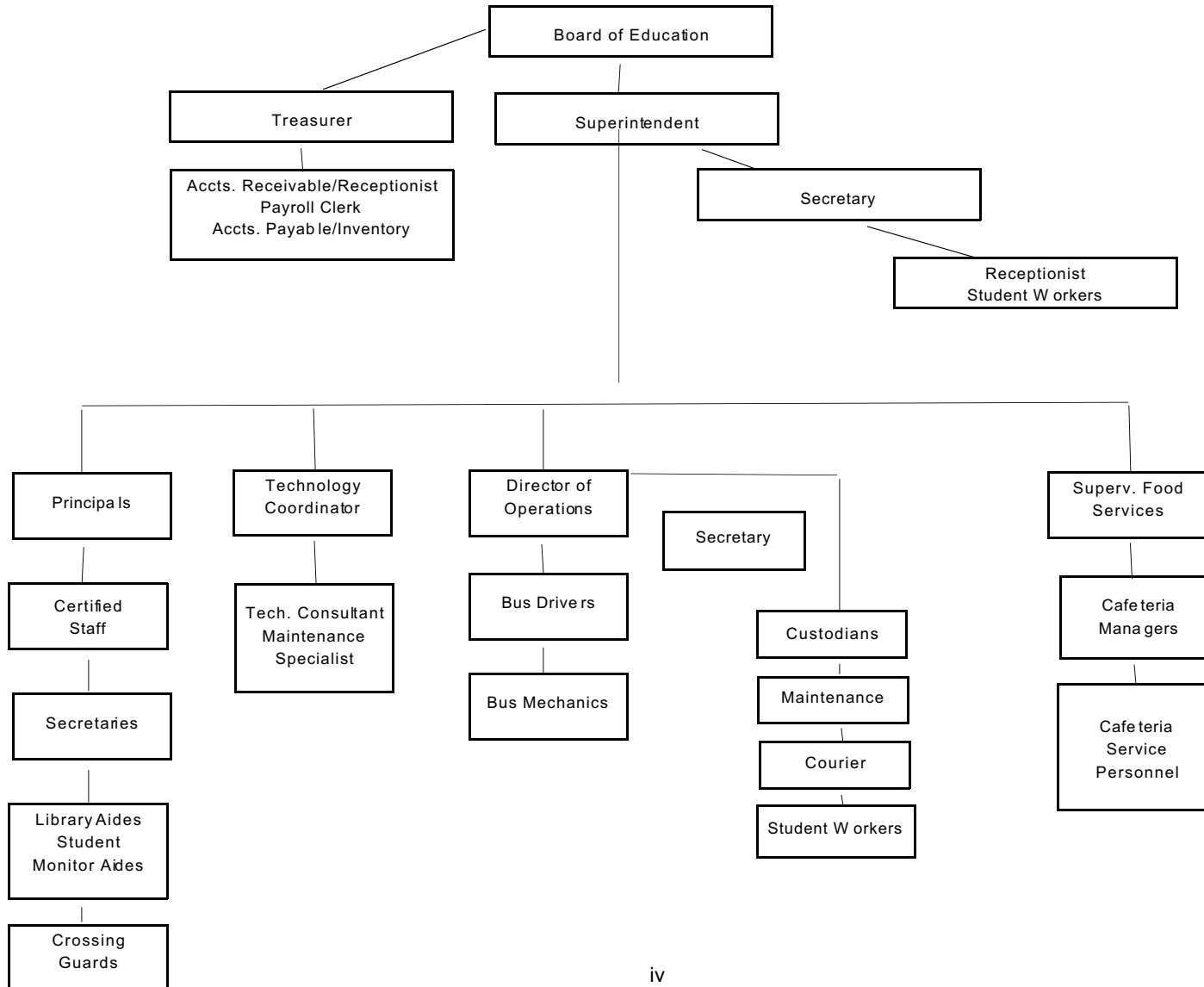
BOARD OF EDUCATION	
David S. Farina	President
Victoria A. Nicholas	Vice President
Brett Harley	Member
Sandra K. Kanicki	Member
Mary B. Wisnyai	Member

TREASURER
William W. Hill

ADMINISTRATION	
Joseph F. Donatone	Superintendent
James Hughes	Technology Coordinator
Donald Allen	Supervisor, Transportation/Maintenance
Denise Hasek	Supervisor, Food Service/Building Services
Timothy Essig	Edgewood Sr. High School Principal
R. Sam Kent	Wallace H Braden Junior High School Principal
Andrew Kuthy	Kingsville Elementary School Principal
Gary Gawdyda	North Kingsville Elementary School Principal
Donald Thomas	Pierpont Elementary School Principal
Mary Jo Taylor	Ridgeview Elementary School Principal

ORGANIZATIONAL CHART

Community



Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

**Board of Education
Buckeye Local School District
Ashtabula, Ohio**

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the Buckeye Local School District taken as a whole. The accompanying schedule 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. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
December 15, 2000

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

	Governmental Fund Types			Proprietary Fund	Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Debt	(Memorandum (Only))
Assets and Other Debits:								
Equity in Pooled Cash and Cash Equivalents	\$ 2,904,697	415,360	205,265	52,167	1,402,457	0	0	\$ 4,979,946
Restricted Asset	312,872	0	0	0	0	0	0	312,872
Taxes Receivable	8,767,459	0	439,549	0	0	0	0	9,207,008
Interfund Receivable	3,359	0	0	0	0	0	0	3,359
Intergovernmental Receivables	0	88,534	0	25,677	0	0	0	114,211
Interest Receivable	40,846	0	0	0	0	0	0	40,846
Accounts Receivable	7,228	0	0	166	18	0	0	7,412
Supplies Inventory	52,007	0	0	3,566	0	0	0	55,573
Inventory for Resale	0	0	0	27,388	0	0	0	27,388
Property, Plant & Equipment	0	0	0	211,561	0	11,799,324	0	12,010,885
Accumulated Depreciation, where applicable	0	0	0	(148,184)	0	0	0	(148,184)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	1,602,424	1,602,424
Total Assets and Other Debits	\$ 12,088,468	503,894	644,814	172,341	1,402,475	11,799,324	1,602,424	\$ 28,213,740

(Continued)

**Buckeye Local School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2000**

	Governmental Fund Types			Proprietary Fund Enterprise	Fiduciary	Account Groups		Totals (Memorandum) (Only)
	General	Special	Capital		Trust and Agency	General	General	
		Revenue	Projects	Fixed Assets		Long Term Debt		
Liabilities:								
Interfund Payable	\$ 0	3,359	0	0	0	0	0	\$ 3,359
Intergovernmental Payable	221,537	557	0	8,315	0	0	144,117	374,526
Accounts Payable	108,418	14,827	51,947	2,603	153	0	0	177,948
Accrued Salaries and Benefits	1,083,869	43,880	0	26,296	0	0	0	1,154,045
Deferred Revenue	6,179,184	0	306,822	10,554	0	0	0	6,496,560
Due to Others	0	0	0	0	1,359,970	0	0	1,359,970
Energy Bonds Payable	0	0	0	0	0	0	415,000	415,000
Compensated Absences Payable	61,788	0	0	27,124	0	0	1,043,307	1,132,219
Total Liabilities	7,654,796	62,623	358,769	74,892	1,360,123	0	1,602,424	11,113,627
Fund Equity and Other Credits:								
Investment in General Fixed Assets	0	0	0	0	0	11,799,324	0	11,799,324
Contributed Capital	0	0	0	32,793	0	0	0	32,793
Retained Earnings	0	0	0	64,656	0	0	0	64,656
Fund Balances:								
Reserved for Budget Stabilization	312,872	0	0	0	0	0	0	312,872
Reserved for Inventory	52,007	0	0	0	0	0	0	52,007
Reserved for Encumbrances	196,675	35,909	0	0	0	0	0	232,584
Reserved for Property Taxes	2,588,275	0	132,728	0	0	0	0	2,721,003
Reserved for Scholarship Funds	0	0	0	0	36,538	0	0	36,538
Unreserved Fund Balance	1,283,843	405,362	153,317	0	5,814	0	0	1,848,336
Total Fund Equity	4,433,672	441,271	286,045	0	42,352	0	0	5,203,340
Total Fund Balances/Retained Earnings and Other Credits	4,433,672	441,271	286,045	97,449	42,352	11,799,324	0	17,100,113
Total Liabilities, Fund Equity, and Other Credits	\$ 12,088,468	503,894	644,814	172,341	1,402,475	11,799,324	1,602,424	\$ 28,213,740

See Accompanying Notes to the General Purpose Financial Statements

Buckeye Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 2000

	General	Governmental Fund Types Special Revenue	Debt Service	Capital Projects	Fiduciary Fund Types Expendable Trust Funds	Totals (Memorandum) (Only)
REVENUES:						
Taxes	\$ 8,846,183	0	0	406,085	0	\$ 9,252,268
Tuition	23,986	0	0	0	0	23,986
Transportation Fees	16,144	0	0	0	0	16,144
Earnings on Investments	345,348	0	0	0	0	345,348
Extracurricular Activities	0	71,550	0	0	0	71,550
Classroom Materials and Fees	840	0	0	0	0	840
Miscellaneous	16,156	30,158	0	0	617	46,931
Revenue from Intermediate Sources						
Revenue For/On Behalf of District	0	5,000	0	0	0	5,000
Revenue from State Sources						
Unrestricted Grants-in-Aid	4,519,483	24,049	0	46,403	0	4,589,935
Restricted Grants-in-Aid	0	152,399	0	0	0	152,399
Revenue from Federal Sources						
Restricted Grants-in-Aid	0	872,327	0	0	0	872,327
Total Revenue	13,768,140	1,155,483	0	452,488	617	15,376,728
EXPENDITURES:						
Instruction						
Regular	6,583,784	138,029	0	61,265	0	6,783,078
Special	1,073,676	338,626	0	0	0	1,412,302
Vocational	308,618	0	0	0	0	308,618
Adult/Continuing	0	0	0	0	400	400
Supporting Services						
Pupils	522,479	0	0	0	0	522,479
Instructional Staff	408,822	89,147	0	0	0	497,969
Board of Education	26,395	0	0	0	0	26,395
Administration	1,180,982	11,842	0	0	0	1,192,824
Fiscal Services	429,429	0	0	7,950	0	437,379
Business Service	84,910	0	0	0	0	84,910
Operation & Maintenance-Plant	1,436,326	2,245	0	0	0	1,438,571
Pupil Transportation	708,200	0	0	85,504	0	793,704
Central Services	71,682	8,490	0	0	0	80,172
Extracurricular Activities						
Academic & Subject Oriented	27,724	15,938	0	0	0	43,662
Sports Oriented	242,660	98,429	0	0	0	341,089
Co-Curricular Activities	13,985	11,099	0	0	0	25,084
Capital Outlay-Other Facility Acq. & Const.	208,425	0	0	364,300	0	572,725
Debt Service						
Repayment of Principal	0	0	50,000	0	0	50,000
Interest Payment	0	0	23,720	0	0	23,720
Total Expenditures	13,328,097	713,845	73,720	519,019	400	14,635,081
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	440,043	441,638	(73,720)	(66,531)	217	741,647
Other Financing Sources and Uses:						
Sale and Loss of Assets	2,988	0	0	0	0	2,988
Transfers-In	1,017,240	42,470	73,720	0	0	1,133,430
Refund of Prior Years' Expenditures	6,000	0	0	0	0	6,000
Transfers-Out	(2,515,206)	0	0	0	0	(2,515,206)
Net Other Financing Sources and Uses	(1,488,978)	42,470	73,720	0	0	(1,372,788)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,048,935)	484,108	0	(66,531)	217	(631,141)
Increase in Inventory	2,839	0	0	0	0	2,839
Beginning Fund Balance	5,479,768	(42,837)	0	352,576	3,360	5,792,867
Ending Fund Balance	\$ 4,433,672	441,271	0	286,045	3,577	\$ 5,164,565

See Accompanying Notes to the General Purpose Financial Statements.

Buckeye Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 8,838,102	8,838,102	0	0	0	\$ 0
Tuition	23,986	23,986	0	0	0	0
Transportation Fees	13,878	16,503	2,625	0	0	0
Earnings on Investment	286,798	304,423	17,625	0	0	0
Extracurricular Activities	0	0	0	71,550	71,550	0
Classroom Materials and Fees	830	830	0	0	0	0
Miscellaneous	19,241	18,741	(500)	29,701	30,474	773
Local Revenue for/on Behalf of District	0	0	0	5,000	5,000	0
State Unrestricted Grants-in-Aid	4,122,961	4,519,483	396,522	24,000	24,049	49
State Restricted Grants-in-Aid	0	0	0	6,400	105,999	99,599
Federal Restricted Grants-in-Aid	1,124	1,124	0	863,846	830,193	(33,653)
Total Revenue	13,306,920	13,723,192	416,272	1,000,497	1,067,265	66,768
Expenditures:						
Regular Instruction	7,062,517	6,680,290	382,227	301,819	150,204	151,615
Special Instruction	1,129,709	1,085,723	43,986	358,111	356,759	1,352
Vocational Instruction	324,374	312,289	12,085	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Support Services-Pupils	577,802	530,177	47,625	0	0	0
Support Services-Instructional Staff	441,017	418,748	22,269	102,998	91,933	11,065
Support Services-Board of Education	39,163	25,941	13,222	0	0	0
Support Services-Administration	1,257,150	1,198,583	58,567	11,842	11,842	0
Support Services-Fiscal	472,851	437,034	35,817	0	0	0
Support Services-Business	97,037	87,897	9,140	0	0	0
Support Services-Operation & Main.	1,650,143	1,564,343	85,800	2,327	2,245	82
Support Services-Transportation	770,801	742,326	28,475	0	0	0
Support Services-Central	101,163	72,812	28,351	12,799	8,984	3,815
Extracurricular Activities						
Academic & Subject Oriented	28,228	26,981	1,247	24,752	16,222	8,530
Occupation Oriented Activities	0	0	0	367	0	367
Sports Oriented	251,657	241,234	10,423	163,494	114,528	48,966
Co-Curricular Activities	13,701	13,701	0	22,579	12,461	10,118
Facilities Acquisition & Construction	222,222	219,010	3,212	0	0	0
Debt Service						
Repayment of Debt	0	0	0	0	0	0
Interest Payment	0	0	0	0	0	0
Total Expenditures	14,439,535	13,657,089	782,446	1,001,088	765,178	235,910
Excess of Revenue Over (Under) Expenditures	(1,132,615)	66,103	1,198,718	(591)	302,087	302,678
Other Financing Sources (Uses):						
Sale & Loss of Assets	3,477	3,545	68	0	0	0
Transfers-In	272,307	1,103,349	831,042	33,670	42,470	8,800
Advances-In	196,804	218,603	21,799	0	25,159	25,159
Transfers-Out	(2,515,206)	(2,515,206)	0	0	0	0
Advances-Out	(26,000)	(25,159)	841	(218,603)	(218,603)	0
Total Financing Sources (Uses)	(2,068,618)	(1,214,868)	853,750	(184,933)	(150,974)	33,959
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,201,233)	(1,148,765)	2,052,468	(185,524)	151,113	336,637
Beginning Fund Balance	3,806,486	3,806,486	0	191,665	191,665	0
Prior Year Carry Over Encumbrances	240,190	240,190	0	22,376	22,376	0
Ending Fund Balance	\$ 845,443	2,897,911	2,052,468	28,517	365,154	\$ 336,637

(Continued)

Buckeye Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Funds - Continued
Year Ended June 30, 2000

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	396,051	396,051	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Local Revenue for/on Behalf of District	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	25,198	46,984	21,786
State Restricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	0	0	0	421,249	443,035	21,786
Expenditures:						
Regular Instruction	0	0	0	116,315	62,565	53,750
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Support Services-Fiscal Services	0	0	0	7,951	7,950	1
Support Services-Business	0	0	0	0	0	0
Support Services-Operation & Main.	0	0	0	0	0	0
Support Services-Transportation	0	0	0	85,504	85,504	0
Support Services-Central	0	0	0	0	0	0
Extracurricular Activities						
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Facilities Acquisition & Construction	0	0	0	408,974	380,374	28,600
Debt Service						
Repayment of Debt	50,000	50,000	0	0	0	0
Interest Payment	23,720	23,720	0	0	0	0
Total Expenditures	73,720	73,720	0	618,744	536,393	82,351
Excess of Revenue Over						
(Under) Expenditures	(73,720)	(73,720)	0	(197,495)	(93,358)	104,137
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	0	0	0
Transfers-In	73,720	73,720	0	0	0	0
Advances-In	0	0	0	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Total Financing Sources (Uses)	73,720	73,720	0	0	0	0
Excess of Revenues & Other Financing						
Sources Over (Under) Expenditures						
and Other Financing Uses	0	0	0	(197,495)	(93,358)	104,137
Beginning Fund Balance	0	0	0	207,360	207,360	0
Prior Year Carry Over Encumbrances	0	0	0	39,267	39,267	0
Ending Fund Balance	\$ 0	0	0	49,132	153,269	\$ 104,137

(Continued)

Buckeye Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Funds - Continued
Year Ended June 30, 2000

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	9,234,153	9,234,153	\$ 0
Tuition	0	0	0	23,986	23,986	0
Transportation Feed	0	0	0	13,878	16,503	2,625
Earnings on Investment	0	0	0	286,798	304,423	17,625
Extracurricular Activities	0	0	0	71,550	71,550	0
Classroom Materials and Fees	0	0	0	830	830	0
Miscellaneous	615	615	0	49,557	49,830	273
Local Revenue for/on Behalf of District	0	0	0	5,000	5,000	0
State Unrestricted Grants-in-Aid	0	0	0	4,172,159	4,590,516	418,357
State Restricted Grants-in-Aid	0	0	0	6,400	105,999	99,599
Federal Restricted Grants-in-Aid	0	0	0	864,970	831,317	(33,653)
Total Revenue	615	615	0	14,729,281	15,234,107	504,826
Expenditures:						
Regular Instruction	0	0	0	7,480,651	6,893,059	587,592
Special Instruction	0	0	0	1,487,820	1,442,482	45,338
Vocational Instruction	0	0	0	324,374	312,289	12,085
Adult/Continuing Instruction	400	400	0	400	400	0
Support Services-Pupils	0	0	0	577,802	530,177	47,625
Support Services-Instructional Staff	0	0	0	544,015	510,681	33,334
Support Services-Board of Education	0	0	0	39,163	25,941	13,222
Support Services-Administration	0	0	0	1,268,992	1,210,425	58,567
Support Services-Fiscal Services	0	0	0	480,802	444,984	35,818
Support Services-Business	0	0	0	97,037	87,897	9,140
Support Services-Operation & Main.	0	0	0	1,652,470	1,566,588	85,882
Support Services-Transportation	0	0	0	856,305	827,830	28,475
Support Services-Central	0	0	0	113,962	81,796	32,166
Extracurricular Activities						
Academic & Subject Oriented	0	0	0	52,980	43,203	9,777
Occupation Oriented	0	0	0	367	0	367
Sports Oriented	0	0	0	415,151	355,762	59,389
Co-Curricular Activities	0	0	0	36,280	26,162	10,118
Facilities Acquisition & Construction	0	0	0	631,196	599,384	31,812
Debt Service						
Repayment of Debt	0	0	0	50,000	50,000	0
Interest Payment	0	0	0	23,720	23,720	0
Total Expenditures	400	400	0	16,133,487	15,032,780	1,100,707
Excess of Revenue Over (Under) Expenditures	215	215	0	(1,404,206)	201,327	1,605,533
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	3,477	3,545	68
Transfers-In	0	0	0	379,697	1,219,539	839,842
Advances-In	0	0	0	196,804	243,762	46,958
Transfers-Out	0	0	0	(2,515,206)	(2,515,206)	0
Advances-Out	0	0	0	(244,603)	(243,762)	841
Total Financing Sources (Uses)	0	0	0	(2,179,831)	(1,292,122)	887,709
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	215	215	0	(3,584,037)	(1,090,795)	2,493,242
Beginning Fund Balance	3,360	3,360	0	4,208,871	4,208,871	0
Prior Year Carry Over Encumbrances	0	0	0	301,833	301,833	0
Ending Fund Balance	\$ 3,575	\$ 3,575	0	926,667	3,419,909	\$ 2,493,242

See Accompanying Notes to the General Purpose Financial Statements.

Buckeye Local School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types and Non-Expendable Trust Funds
Year Ended June 30, 2000

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum) (Only)
	Enterprise Funds	Non-Expendable Trust Funds	
Operating Revenues:			
Food Service	\$ 419,505	0	\$ 419,505
Classroom Materials & Fees	45,764	0	45,764
Earnings On Investments	0	2,187	2,187
Miscellaneous	51	0	51
Total Operating Revenues	<u>465,320</u>	<u>2,187</u>	<u>467,507</u>
Operating Expenses:			
Personal Services - Salary	288,527	0	288,527
Employee Benefits	158,451	0	158,451
Purchased Services	13,405	0	13,405
Supplies and Materials	325,348	0	325,348
Other Operating Expenses	0	2,000	2,000
Depreciation	5,681	0	5,681
Total Operating Expenses	<u>791,412</u>	<u>2,000</u>	<u>793,412</u>
Operating Income (Loss)	(326,092)	187	(325,905)
Non-Operating Revenues:			
Miscellaneous	0	1,104	1,104
State Restricted Grants-in-Aid	25,225	0	25,225
Federal Unrestricted-Grants-in-Aid	184,150	0	184,150
Federal Restricted Grants-in-Aid	46,539	0	46,539
Total Non-Operating Revenues	<u>255,914</u>	<u>1,104</u>	<u>257,018</u>
Net Income (loss) Before Operating Transfers	(70,178)	1,291	(68,887)
Transfers-In	102,454	0	102,454
Transfers-Out	(13,978)	0	(13,978)
Total Transfers	<u>88,476</u>	<u>0</u>	<u>88,476</u>
Net Income (Loss)	18,298	1,291	19,589
Beginning Retained Earnings	46,358	37,484	83,842
Retained Earnings at End of Year	<u>\$ 64,656</u>	<u>38,775</u>	<u>\$ 103,431</u>
Total Fund Equity at End of Year	<u>\$ 64,656</u>	<u>38,775</u>	<u>\$ 103,431</u>

See Accompanying Notes to the General Purpose Financial Statements.

Buckeye Local School District
Combined Statement of Changes in Cash Flows
All Proprietary Fund Types and Non-Expendable Trust Funds
Year Ended June 30, 2000

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Non- Expendable Trust Fund	
Cash Flows from Operating Activities			
Operating Gain (Loss)	\$ (326,092)	187	\$ (325,905)
Adjustment to Reconcile Operating Gain (Loss)			
To Net Cash used in Operating Activities:			
Depreciation	5,681	0	5,681
Net (Increase) Decrease in Assets:			
Intergovernmental Receivable	3,588	0	3,588
Accounts Receivable	490	0	490
Inventory	11,435	0	11,435
Net Increases (Decreases) in Liabilities:			
Accounts Payable	2,305	0	2,305
Intergovernmental Payable	1,607	0	1,607
Deferred Revenue	(6,527)	0	(6,527)
Accrued Wages and Benefits	(1,452)	0	(1,452)
Compensated Absences	(3,255)	0	(3,255)
Total Adjustments	<u>13,872</u>	<u>0</u>	<u>13,872</u>
Net Cash Used in Operating Activities	(312,220)	187	(312,033)
Cash Flows from Noncapital Financing Activities:			
Miscellaneous	0	1,104	1,104
Grants from State Sources	25,225	0	25,225
Grants from Federal Sources	230,689	0	230,689
Net Transfers	88,476	0	88,476
Net Cash Provided by Noncapital Financing Activities	<u>344,390</u>	<u>1,104</u>	<u>345,494</u>
Cash Flows Used for Capital Financing Activities:			
Acquisition of Capital Assets	(8,023)	0	(8,023)
Net Cash Used for Capital Financing Activities	(8,023)	0	(8,023)
Net Increase in Cash & Cash Equivalents	24,147	1,291	25,438
Cash and Cash Equivalents at Beginning of Year	<u>28,020</u>	<u>37,484</u>	<u>65,504</u>
Cash and Cash Equivalents at End of Year	<u>\$ 52,167</u>	<u>38,775</u>	<u>\$ 90,942</u>

See Accompanying Notes to General Purpose Financial Statements.

Reconciliation of Cash and Cash Equivalents of Fiduciary Funds to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds:

Cash and Cash Equivalents - Non-expendable Trust Funds	\$ 38,775
Cash and Cash Equivalents - Agency Funds	1,360,106
Cash and Cash Equivalents - Expendable Trust Fund	<u>3,575</u>

Cash and Cash Equivalents \$ 1,402,457

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Buckeye Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.0 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1999, was 2,291. The District employed 126 certified employees and 107 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

B. Fund Accounting

The 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 government functions or activities.

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

General Fund - This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

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

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

Proprietary Fund Types

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

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

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds or Trust funds.

General Long-Term Debt Account Group - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
 - b) Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2001 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

D. Budget and Budgetary Accounting

All governmental and proprietary fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January. 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.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Basis)--All Governmental Fund Types and Expendable Trust Funds" to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis of accounting and GAAP are that:
 - a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
 - b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
 - c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis);

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

- d) 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);
- e) Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis); and
- f) Short-term note debt is paid from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the general purpose financial statements for proprietary funds.

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to federal agency notes, treasury notes, certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and 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, 2000.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund and Non-expendable Trust Fund, as authorized by board resolution. Interest income earned in fiscal year 2000 totaled \$347,535.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2000. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2000 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

G. Inventories

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. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction 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 respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

J. Intergovernmental Revenues

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

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

Entitlements:

General Fund

- State Foundation Program
- School Bus Funding
- State Equity Funding

Special Revenue Funds

- Educational Management Information Systems

Capital Projects Funds

- SchoolNet Plus

Non-Reimbursable Grants:

Special Revenue Funds

- Title I
- Title VI
- Title VI-B
- Title VI-R
- DPIA
- Continuous Improvement Grants
- Ohio Reads

Reimbursable Grants:

General Fund

- Driver Education Reimbursement

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 37% of the District's operating revenue during the 2000 fiscal year.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from Other Funds" or "Due to Other Funds." Short-term interfund loans are classified as "Interfund Receivables/Payables." At June 30, 2000, the District had \$3,359 in "Interfund Receivables/Payables."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2000 the District had no long-term interfund loans.

M. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations should be reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of the unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to retained earnings at year end. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2000, the District had \$32,793 in contributed capital.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Transfers-in do not equal Transfers-out since Agency Fund Transfers are not reflected in the accompanying financial statements.

Q. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for supplies inventory, budget stabilization, encumbrances, taxes receivable and scholarship funds. The reserve for taxes receivable represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after a two-thirds vote of the board of education and receiving approval from the State Superintendent of Public Instruction for the replenishment of the reserve. A fund balance reserve has also been established.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 1. Summary of Significant Accounting Policies (continued)

S. 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.

T. Memorandum Only - Total Columns

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

Note 2. Budgetary Basis of Accounting

The following table summarizes 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 and Expendable Trust Funds**

	Governmental Fund Types			Fiduciary Fund
	General Fund	Special Revenue	Capital Project	Expendable Trust
GAAP Basis	\$ (1,048,935)	484,108	(66,531)	\$ 217
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue Accruals	(44,948)	(88,218)	(9,453)	(2)
Due to Expenditures:				
Net Adjustments to Expenditure Accruals	(328,992)	(51,333)	(17,374)	0
Due to Other Sources/Uses	274,110	(193,444)	0	0
Budget Basis	<u>\$ (1,148,765)</u>	<u>151,113</u>	<u>(93,358)</u>	<u>\$ 215</u>

Note 3. Cash and Investments

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 3. Cash and Investments (continued)

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

Inactive deposits are public deposits that the District has identified as not required for use within the current 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.

Monies held by the District which are not considered active are classified as inactive. Inactive 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 3. Cash and Investments (continued)

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

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

Deposits At fiscal year end, the carrying amount of the District's deposits was \$1,523,155 and the bank balance was \$1,533,227, of which \$1,500,000 was in Certificates of Deposit. Of the balance, \$100,000 was covered by Federal Depository Insurance and \$1,433,227 was uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments GASB Statement No. 3, entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name.

	Category			Carrying Value	Fair Value
	1	2	3		
Federal Agency Notes	0	0	\$ 1,001,105	\$ 1,001,105	\$ 1,002,937
STAR Ohio	0	0	0	2,768,533	2,768,533
Total Investments			<u>\$ 1,001,105</u>	<u>\$ 3,769,638</u>	<u>\$ 3,771,470</u>

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 3. Cash and Investments (continued)

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 3,792,818	\$ 1,500,000
Investments:		
Certificates of Deposit	1,500,000	(1,500,000)
Federal Agency Notes	(1,001,105)	1,001,105
STAR Ohio	(2,768,533)	2,768,533
Total	1,523,180	3,769,638
Cash on Hand	(25)	0
GASB Statement No. 3	\$ 1,523,155	\$ 3,769,638

Note 4. Property Tax

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Ashtabula County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 1996, an update was done in 1999. The next revaluation is scheduled for 2002.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20. Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 4. Property Tax (continued)

The Ashtabula County Treasurer collects property taxes on behalf of the District. The Ashtabula County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2000 for operations was \$36.81 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2000 taxes were collected were as follows:

<u>1999 Assessed Values</u>		<u>2000 Assessed Values</u>	
Real Property-Com/Industrial	\$ 48,210,060	Real Property-Com/Industrial	\$ 50,389,760
Real Property-Res/Agri.	102,737,210	Real Property-Res/Agri.	119,002,690
Real Property-Public Utilities	117,130	Real Property-Public Utilities	139,950
Personal Property-General	44,371,230	Personal Property-General	67,937,900
Personal Property-Public Utilities	<u>68,049,370</u>	Personal Property-Public Utilities	<u>59,317,440</u>
Total Assessed Value	<u>\$ 263,485,000</u>	Total Assessed Value	<u>\$296,787,740</u>

Note 5. Receivables

Receivables at June 30, 2000 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Special Revenue Funds:	
Ohio Reads Grant	\$ 46,400
Title I	41,204
Career Mini Grant	<u>930</u>
Total Special Revenue Funds	88,534
Proprietary Fund:	
Federal Lunch Reimbursement	<u>25,677</u>
Total Proprietary Fund	<u>25,677</u>
Grand Total	<u>\$ 114,211</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 6. Fixed Assets

During fiscal year 2000, the District conducted a reappraisal of its fixed assets. As a result of the reappraisal, a restatement of the Proprietary Fund Fixed Assets and the General Fixed Assets Account Group June 30, 1999 balances is necessary.

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Enterprise Fund	June 30, 1999 as reported	Adjustment	June 30, 2000 as restated
Furniture and Equipment	\$ 203,538	\$ 8,023	\$ 211,561
Less Accumulated Depreciation	(142,503)	(5,681)	(148,184)
Net Fixed Assets	<u>\$ 61,035</u>	<u>\$ 2,342</u>	<u>\$ 63,377</u>

The following table restates the General Fixed Assets Account Group at June 30, 1999.

	June 30, 1999 as reported	Adjustment	June 30, 1999 as restated
Land & Land Improvements	\$ 387,325	3,481	\$ 390,806
Buildings & Bldg. Improvements	4,669,002	271,281	4,940,283
Furniture, Fixtures & Equipment	4,694,445	215,009	4,909,454
Vehicles	1,499,399	(135,711)	1,363,688
Total General Fixed Assets	<u>\$ 11,250,171</u>	<u>354,060</u>	<u>\$ 11,604,231</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 6. Fixed Assets (continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land & Land Improvements	\$ 390,806	0	0	\$ 390,806
Buildings & Bldg. Improvements	4,940,283	2,795	29,697	4,913,381
Furniture, Fixtures & Equipment	4,909,454	82,321	28,348	4,963,427
Vehicles	1,363,688	168,022	0	1,531,710
Total General Fixed Assets	<u>\$ 11,604,231</u>	<u>253,138</u>	<u>58,045</u>	<u>\$ 11,799,324</u>

There was no significant construction in progress at June 30, 2000 for District owned property.

Note 7. Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. 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 District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$298,836, \$304,074 and \$291,204, respectively; 43.5 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$193,291 representing the unpaid contribution for fiscal year 2000, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 7. Defined Benefit Pension Plans (continued)

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$873,624, \$833,616 and \$819,312, respectively; 83.3 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$145,604 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 2000, no members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 8. Postemployment Benefits

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 8. Postemployment Benefits (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. Bylaw, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$499,214 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent from fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge rate 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. For the District, this amount equaled \$225,941 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

Note 9. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted is determined upon length of service. For fiscal year 2000, the superintendent and treasurer were granted twenty days of vacation.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 9. Compensated Absences (continued)

The classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
1	5
2-5	10
6-9	15
10 - beyond	20

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement for certified personnel and a minimum of five consecutive years for classified personnel. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 67.5 days for certified employees and 67.5 days for classified employees.

Note 10. Risk Management

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

Professional liability insurance is maintained in the amount of \$1,000,000 for single occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss. The District maintains replacement cost insurance on buildings and contents in the amount of \$44,648,356.

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

B. Workers' Compensation

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 10. Risk Management (continued)

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

C. Health Insurance

In July, 1987, the District joined the Ashtabula County Schools Council of Governments Employees Insurance Consortium to insure its medical claims. The consortium currently includes seven member school districts. Contributions are determined by the consortium's board of directors. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the District.

Note 11. Notes and Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Intergovernmental Payable	\$ 156,792	144,117	156,792	\$ 144,117
Energy Conservation Bonds Payable	465,000	0	50,000	415,000
Capital Leases Payable	55,310	0	55,310	0
Compensated Absences Payable	1,045,323	0	2,016	1,043,307
	<u>\$ 1,722,425</u>	<u>144,117</u>	<u>264,118</u>	<u>\$ 1,602,424</u>

Additions and deletions of compensated absences are shown net since it is impracticable for the District to determine these amounts separately.

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt. The District's unvoted debt limit is \$296,788. The voted debt limit at June 30, 2000 is \$26,710,897.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 11. Notes and Long-Term Debt (continued)

Energy Bonds:

The District issued Energy Conservation Bonds in the amount of \$558,125 on July 15, 1996. The bonds mature in December 2006 and have an average interest rate of 5.7%. The annual maturities of the general obligation bonds as of June 30, 2000, and related interest payments are as follows:

	Principal	Interest	Payment
FY2001	\$ 50,000	21,220	\$ 71,220
FY2002	55,000	18,515	73,515
FY2003	55,000	15,627	70,627
FY2004 and thereafter	255,000	29,635	284,635
	<u>\$ 415,000</u>	<u>84,997</u>	<u>\$ 499,997</u>

Capital Leases:

The District has been making installment payments on computers purchased with an original cost of \$132,372 and pizza machines with an original cost of \$54,785. This equipment has been capitalized in the general fixed assets account group and the proprietary fund (contributed capital). These obligations were satisfied during the fiscal year.

Note 12. Interfund Transactions

At June 30, 2000, the District had short-term interfund loans which are classified as "Interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "Due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Interfund Payables:

	Receivables	Payables
General Fund	\$ 3,359	\$ 0
Special Revenue	0	3,359
	<u>\$ 3,359</u>	<u>\$ 3,359</u>

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 13. Segments of Enterprise Activities

Key financial data for the District's Enterprise Funds for the year ended June 30, 2000, are as follows:

	Lunchroom Fund	Uniform School Supply Fund	Special Services Fund	Total
Operating Revenues	\$ 419,505	45,764	51	\$ 465,320
Operating Expenses:				
Depreciation	(5,681)	0	0	(5,681)
Other Expenses	(739,235)	(46,496)	0	(785,731)
Total Operating Expenses	(744,916)	(46,496)	0	(791,412)
Operating Loss	(325,411)	(732)	51	(326,092)
Non Operating Revenues and Expenses.				
Grants	255,914	0	0	255,914
Transfers-In/Out	88,476	93	(93)	88,476
Net Income/Loss	\$ 18,979	(639)	(42)	\$ 18,298
Net Working Capital	\$ 222	33,850	0	\$ 34,072
Contributed Capital	\$ 32,793	0	0	\$ 32,793
Total Assets	\$ 136,035	36,306	0	\$ 172,341
Total Fund Equity	\$ 63,599	33,850	0	\$ 97,449
Total Fixed Asset Additions/Deletions	\$ 8,023	0	0	\$ 8,023

Note 14. Jointly Governed Organizations and Public Entity Risk Pools

Northeast Ohio Management Information Network- (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed 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 districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was not represented on the Governing Board during fiscal year 2000. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

Ashtabula County Schools Council of Governments

The District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 14. Jointly Governed Organizations and Public Entity Risk Pools (continued)

Ashtabula County Joint Vocational School District

The District is a member of the Ashtabula County Joint Vocational School District. The Ashtabula County Joint Vocational School District has a seven-member board of education and is funded by levying millage and state and federal support. The District has no board representation.

The District has no ongoing financial interest or financial responsibility to the Ashtabula County Joint Vocational School District.

Note 15. Contingencies

A. Grants

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

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2000.

Note 16. School Funding Decision/Subsequent Event

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$4,038,039 of school foundation support for its general fund.

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

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 16. School Funding Decision/Subsequent Event (continued)

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

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

Note 17. Statutory Reserves

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

The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute. Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Cash Balance, 7/1/1999	\$ 0	\$ 0	\$ 188,707	\$ 188,707
Required Set Aside	356,848	356,848	124,165	837,861
Qualifying Offsets	0	(411,677)	0	(411,677)
Qualifying Expenditures	(390,508)	(298,688)	0	(689,196)
Totals	<u>\$ (33,660)</u>	<u>\$ (353,517)</u>	<u>\$ 312,872</u>	<u>\$ (74,305)</u>
Set-Aside Cash Balance, 6/30/2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 312,872</u>	<u>\$ 312,872</u>

Expenditures in the Textbook Reserve were \$390,508, exceeding the required set aside by \$33,660. In the Capital Maintenance Reserve, expenditures exceeded the required set aside by \$353,517.

**BUCKEYE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

Note 18. Millennium Inorganic Corporation Tax Refund Escrow Fund

In anticipation of a pollution control equipment tax refund to the Millennium Inorganic Corporation, the District established an agency fund to escrow the estimated tax refund of \$1,329,885. The Corporation has paid these taxes since 1993; figures used in the calculation of the refund were provided by Millennium Inorganic Corporation. The refund is expected to occur within the next year.

Note 19. Accountability and Compliance

B. Noncompliance

Section 5705.41 (D), Revised Code, requires that encumbrances be charged against proper appropriations. Section 5705.41 (B), prohibits the District from making an expenditure unless it has been properly appropriated. The following fund/functions had expenditures plus encumbrances exceeding appropriations:

Fund/ Function

Special Revenue Fund
 School Improvement Models Fund
 Supporting Services – Instructional Staff \$(3,340)

BUCKEYE LOCAL SCHOOL DISTRICT

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2000

Federal Grantor/Pass Through Grantor Program Title	Grant Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through Ohio Department of Education: Nutrition Cluster:				
Food Distribution Program - (See Note 2)	n/a	10.550	\$ 40,012	\$ 49,902
School Breakfast Program	045856-05-PU-99	10.553	\$ 1,971	\$ 1,971
School Breakfast Program	045856-05-PU-00	"	7,410	7,410
Total School Breakfast Program			\$ 9,381	\$ 9,381
School Lunch Program	045856-03/04-PU-99	10.555	\$ 45,713	\$ 45,713
School Lunch Program	045856-03/04-PU-00	"	130,690	130,690
Total School Lunch Program			\$ 176,403	\$ 176,403
Total U.S. Department of Agriculture - Nutrition Cluster			\$ 225,796	\$ 235,686
<u>U.S. Department of Education</u>				
Passed Through Ohio Department of Education:				
Educationally Deprived Children:				
Title I	045856-C1-S1-99	84.010	\$ 236,392	\$ 263,653
Title I	045856-C1-S1-00	84.010	299,904	292,224
Title I	045856-C1-SD-00	84.010	15,665	12,815
Total Title I			\$ 551,961	\$ 568,692
Innovative Educational Program:				
Title VI	045856-C2-S1-99C	84.298	\$ 1,470	\$ 1,470
Title VI	045856-C2-S1-98C	84.298	0	1,675
Title VI	045856-C2-S1-00	84.298	11,077	5,492
Total Title VI			\$ 12,547	\$ 8,637
Comprehensive School Reform Demonstration:				
Comprehensive School Reform Demonstration	045856-RF-S1-99	84.332	\$ 125,000	\$ 63,604
Comprehensive School Reform Demonstration	045856-RF-S1-00	84.332	62,500	0
Total Comprehensive School Reform Demonstration			\$ 187,500	\$ 63,604
Class Size Reduction:				
Title VI - R	045856-CR-S1-00	84.340	\$ 55,183	\$ 36,917
Total Class Size Reduction			\$ 55,183	\$ 36,917
Goals 2000 Educate America Act				
Goals 2000 Educate America Act	045856-G2-S2-99	84.276	\$ 0	\$ 10,000
Total Goals 2000 Educate America Act			\$ 0	\$ 10,000
Total U.S. Department of Education			\$ 807,191	\$ 687,850
Total Federal Financial Assistance			\$ 1,032,987	\$ 923,536

See accompanying Notes to the Schedule of Federal Awards Expenditures

Buckeye Local School District
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2000

1. **Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

2. **Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had food commodities in inventory recorded in the Enterprise Fund.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Education
Buckeye Local School District
Ashtabula, Ohio**

We have audited the general purpose financial statements of the Buckeye Local School District as of and for the year ended June 30, 2000, and have issued our report thereon dated December 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated December 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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.

However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated December 15, 2000.

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

Charles E. Harris & Associates, Inc.
December 15, 2000

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

**Board of Education
Buckeye Local School District
Ashtabula, Ohio**

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Charles E. Harris & Associates, Inc.
December 15, 2000

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
June 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

BUCKEYE LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
June 30, 2000

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of June 30, 1999, did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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BUCKEYE LOCAL SCHOOL DISTRICT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 20, 2001**